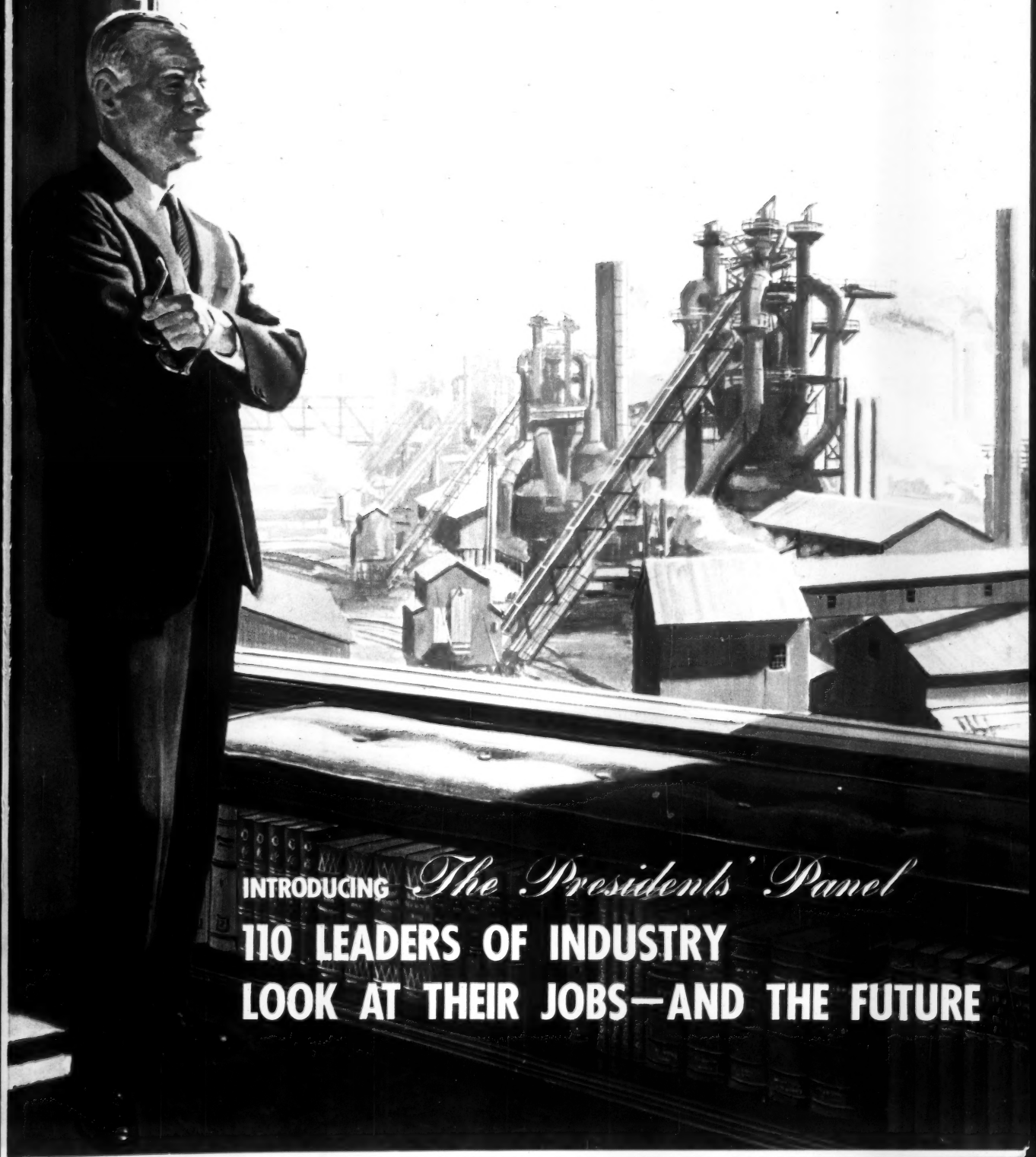
DUN'S REVIEW
and Modern Industry

A DUN & BRADSTREET PUBLICATION

July 1957 75¢



INTRODUCING *The Presidents' Panel*

110 LEADERS OF INDUSTRY LOOK AT THEIR JOBS—AND THE FUTURE

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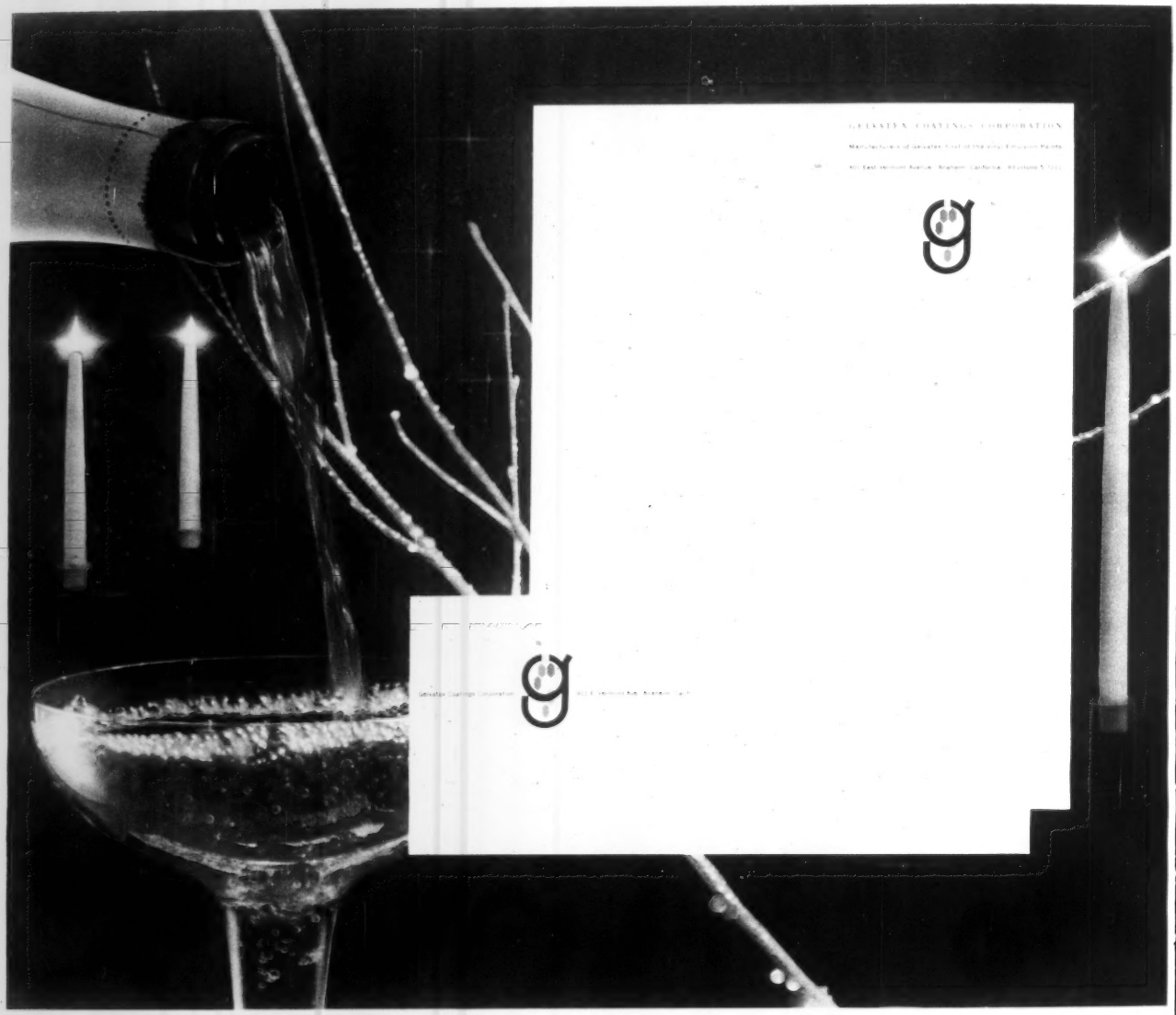

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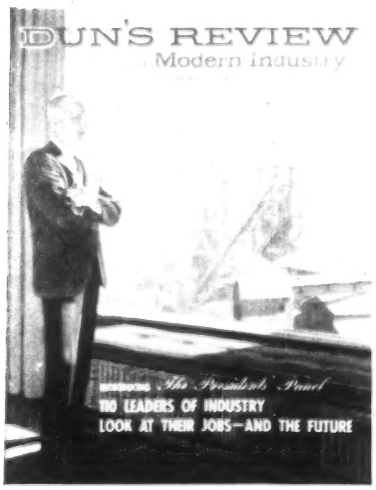

Beyond the busy industrial scene he views from his office window, the president in a meditative moment may discern the shape of things to come. This month's cover, executed for DR&MI by Bill Gravelme, marks the inauguration of a new bi-monthly feature, *The Presidents' Panel*.

VOLUME 70, NO. 1 JULY 1957

DUN'S REVIEW and Modern Industry

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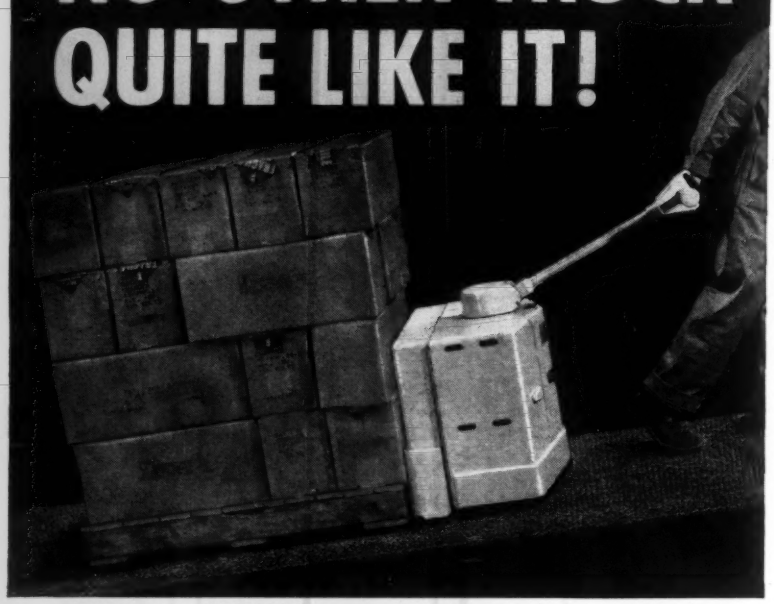

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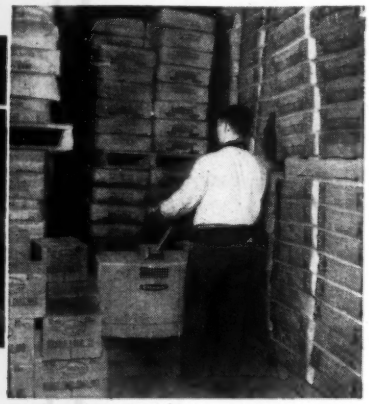

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the REVIEWING STAND

• Door-to-door selling is as old as the pack peddler. The history of retailing in America begins with the strong-backed, leather-lunged tin pan salesman who trudged from town to town through the whole Nineteenth and a good part of the Twentieth Century. Many a retail store started when he got leg-weary and sat down to rest.

Door-to-door selling is still an important factor in our distributive set-up—in fact, as Tom Kenny reports in this issue, it's moving into new fields and is a tremendous influence in the merchandising of a wide range of kitchenware, home appliances, and cosmetics.

While housewives have had good reason to be wary of the "bell-ringers" in the past, today's door-to-door salesman is often a knowledgeable, trained professional. He may sell products as tangible as pianos or Bibles or as intangible as insurance or bank accounts, and his calls reflect the skill, ingenuity, and sheer stamina that is often lacking in "behind the counter" attitudes toward the customer.

• "Who's afraid of the big, bad (or even good) union boss?" asks Horace Sheldon in his article "Wanted: More Business Backbone in Labor Relations." He appeals to management to show more courage in speaking its mind, both at the bargaining table and, where union abuses have occurred, in public testimony before legislative inquiries.

In a half-century, the management pendulum has swung from disdain to cowardice in all too many cases, Sheldon declares—and offers several case histories to prove his point. Top management in industry as well as top management in labor should realize that a contract is only as good as the faith men put into it, and it's a bad bargain that is made under the shadow of threats from either side.

• The surveyor is presumed to be a man who deals in precision instruments of measure. But the survey has become the sport of charlatans who

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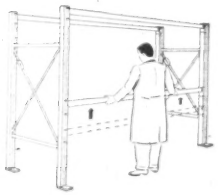

One man (no fork truck required) can adjust rack to any level. "U" shaped brackets SLIDE up and down formed posts.

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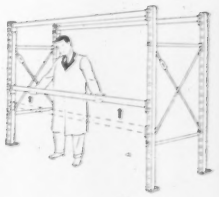
STORAGE RACKS



When desired level is reached, merely slide the dual wedges into slots in back of posts. They lock themselves in place.

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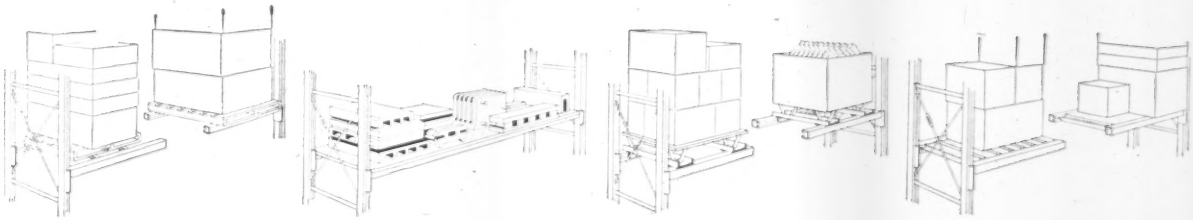
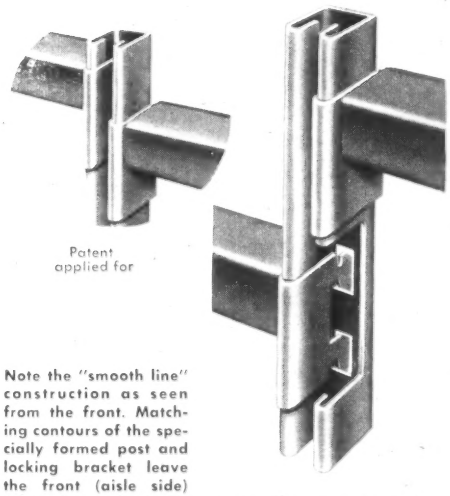


If you rack on pallets..If you store dies..If you rack on skids..If you store bulk.. the American Slide-n-Lock Adjustable Rack is the Rack for you!



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Note the "smooth line" construction as seen from the front. Matching contours of the specially formed post and locking bracket leave the front (aisle side) free of any protruding parts. The cutaway section shows how the dual wedges engage toward the rear of the rack.

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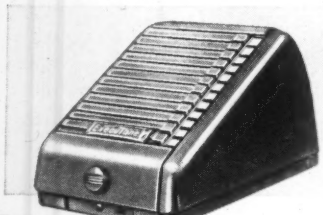

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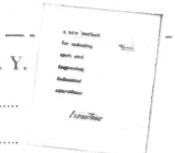

In Canada—331 Bartlett Ave., Toronto

like to pick their evidence to build their answer. Next month, Al Larke demonstrates how the ancient art of sampling opinion or practice often becomes the phony art of selective judgment.

The valid survey is still one of the most useful tools of management, but there are rules to the game, and they must be observed. When someone states, "Our survey proves . . ." it might be well to look into the sample, the method, and the interpretation before accepting the answer.

• Time is one of the most intriguing subjects confronting man. Much depends on whether he is the master or the slave of time. In a future issue, Auren Uris will tell us "How to Have Time for Everything" by setting up a pattern for budgeting fixed, semi-fixed, and variable time commitments. But how can you arrange to get these designations on a wristwatch?

• Henry Woodfin Grady, the postwar prophet of the Old South, pointed the way to economic salvation when he cried out "Diversify!" back in the 1870's. Where cotton and tobacco ruled, there is now a wide range of industry and agriculture. There is no better evidence of this than an air view of the agriculture and industry of the Tidewater, Piedmont, and Blue Ridge sections of North Carolina.

DR&MI's editor, in company with fourteen fellow scriveners, participated in a flight over the Tarheel State in May and was greatly impressed with what he saw. Cotton and tobacco may still be king and queen in the Southland, but they are no longer tyrants over the Dixie economy, which now has textile, furniture, and metalworking industries.

The editor also got an eyeful of North Carolina's educational facilities at Chapel Hill, Duke, and Wake Forest, where business and the liberal arts get along on friendly terms. Governor Luther H. Hodges, who accompanied the tourists on part of the flight, described the "research triangle" of the colleges that is serving Tarheel industry. As a business man, Governor Hodges brings current management ideas to the task of the state's chief executive, and well knows the value of industrial research. —A. M. S.

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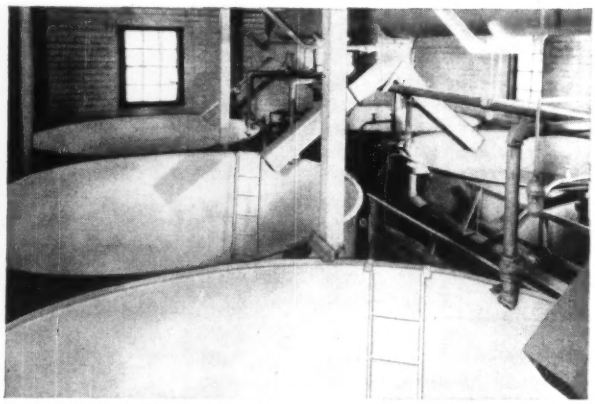
Corn grows taller and more plentiful through a mulch of film made from BAKELITE Brand Polyethylene (right). Ears are much larger, too. Spread over the ground, the black-pigmented film retains soil moisture and heat, hampers weed growth, and keeps produce from touching the damp ground and rotting. Plants grow through slits in the film. Such film has now been used for two years, having repaid its cost during the first year. The same film, unpigmented, makes an excellent and inexpensive hothouse when tacked to a wood frame. Since it is also completely impervious to moisture, it is used as a liner in the "crawl space" under houses, keeping ground dampness from reaching the lower floor.

And the same plastics that bring such benefits —on the farm, in processing plants, at the market and in your home—provide properties that help make products better in every industry.

Whatever your product, take your cue from the food industry. You too, may find that one of the *many* BAKELITE Brand Plastics provides the exact set of properties you need—color, chemical resistance, light weight, or flexibility, for example—in the exact combination you want. These phenolics, styrenes, impact styrenes, polyethylenes, vinyls, epoxies, and silicones offer the greatest variety of plastics and resins obtainable at one source.

And, in matching the material to your needs, you can enlist the facilities of Bakelite Company, whose long experience in plastics is unsurpassed. It is your storehouse, complete and convenient, of both materials and ideas. Draw on it when you plan to make or market better products for business, industry, or the home.

Shoppers buy 25 to 35 per cent more "Sunkist" oranges packaged in film bags made from BAKELITE Brand Polyethylene. Similarly, lemon sales are expected to rise 50 per cent. Polyethylene film keeps the fruit visible, is readily printed, and forms a strong, durable bag . . . "all at a lower cost than any comparable material." Housewives like the bags' reusability. Polyethylene film now packages hardware, soft goods, bakery products, and meat—hundreds of items—in today's self-service market.



Tank linings in the food industry are under attack from fungus, abrasion, and corrosive agents. Nine years ago, these grain steep tanks were given a coating based on BAKELITE Brand Vinyl Resins. Not one cent has been spent for maintenance since. Vinyl-based coatings resist most chemicals, corrosive atmospheres, oil, and water, and can be scrubbed repeatedly without losing their color or texture. One of their biggest uses is as the lining for beer cans.

Steaks taste better when their moisture is retained. Even under refrigeration, loss of moisture can cause shrinkage and loss of color and freshness. Now, cotton fabric with a coating based on BAKELITE Brand Vinyl Resin is being used to wrap the entire carcass. These wrappers are used to control moisture content in beef, veal and lamb. Vinyl-based coatings are also noted for their toughness. One type, plastisol, is used to cushion-coat such familiar kitchen appliances as dish drainers and racks with a thick, soft covering that quiets clatter.

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NUMBER 8 IN A SERIES

How Standard Oil finds new solution to machinery maintenance problems

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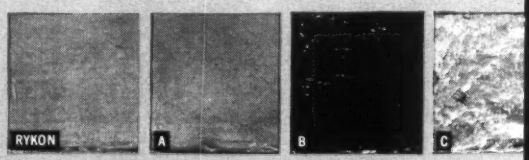
In oven test, grease samples on metal strips were baked in oven at 350° F. for five days. Only RYKON *Grease remained workable.*

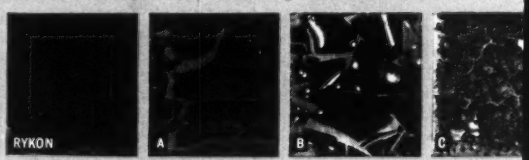
FIVE YEARS AGO Standard Oil launched a research project to develop a grease with properties not possessed by any other lubricant. This research resulted in a new line of greases to which Standard Oil has given the name RYKON. RYKON Greases have undergone severe laboratory and field testing. In these tests the greases demonstrated a remarkable ability to continue to provide lubrication after other greases failed. The greases show unusual mechanical, oxidation, high temperature and low temperature stability. They show exceptional resistance to water washout, to oil separation and to change in consistency. They have superior rust preventive properties.

RYKON Greases are true multipurpose greases. In some cases they can take over all lubrication jobs in a plant. The chance of lubrication failure due to the wrong grease being used may thus be eliminated. Grease inventory and inventory costs are reduced. Training of maintenance personnel is simplified. Supervisory follow-up is reduced or ended.

Further information about RYKON Greases will be sent to your plant management and maintenance men upon request. Just call your local Standard Oil office in any of the 15 Midwest and Rocky Mountain states. Or write Standard Oil Company, 910 So. Michigan Avenue, Chicago 80, Ill.



BEFORE. Samples of greases prepared for baking test.



After test, RYKON stayed grease-like. Other greases dried, turned asphaltic.

STANDARD

STANDARD OIL COMPANY
(Indiana)

WASHINGTON EXPECTS 1957 to be a better year economically than 1956. The men who handle the figures and reports made to Government agencies point out that during the months in which industrial production has been practically stable, consumer buying has increased. Now inventories have been drawn down to the point where large-scale replacement is necessary. Officials expect business to be brisk in the last half of the year.

Confronted with higher labor costs and intensifying competition, producers are being forced to increase efficiency in every possible way, including use of more labor-saving equipment. Manufacture of machinery is four and a half months behind orders, and no leveling off is in sight. Incomes have risen every month this year. Consumer purchases will be greater in 1957 than in 1956, and 1958 promises to be bigger still.

C. Canby Balderston, vice chairman of the Federal Reserve and former dean of the Wharton School of Finance and Commerce, has formulated some rules for financial health which he says are essential to the continued progress of our society and its increased well-being. They are:

The nation's spending must not exceed its earnings from production.

The nation's private investment must be broadly restricted to the savings available, and its public investment chiefly to what it is willing to pay for through taxes.

Governments—local, state, and Federal—as well as private citizens must be selective and prudent in their spending choices if aggregate demand is not to press unduly upon the nation's resources. In boom times, government and private citizens cannot get everything they want right away. Trying to do so merely invites inflation—the destroyer of savings and social progress.

Costs of production are being reduced, but most of these reductions have been absorbed by wage increases. Officials regret that more of the increased efficiency could not have been reflected in price reductions so that everyone could benefit.

Instead of hovering around 120 (1947–1949=100), the consumer price index would now stand at about 135 had it not been for the restrictive monetary policies of the Federal Reserve, informed guesses have it.

Congress listened to a siren's song, many think, when it voted more authority to the Federal National Mortgage Association. This absorbs some of the money available in the market and creates an artificial situation which is just as inflationary as though the Government had a deficit. It is concealed because it does not go into the budget.

There was considerable disappointment in Washington when W. Randolph Burgess was not given the Treasury secretaryship. His record shows that he did as good a job of public debt management as circumstances would permit. His ambition to get more of the debt on a long-term basis was not realized, but the situation could have been worse had it not been for his skilful and courageous handling. Burgess is not a political figure. While he would have administered the Treasury in a masterly manner, he might not have strengthened the Cabinet in the handling of political policy. Incidentally, George Humphrey's advice in that sphere is going to be missed.

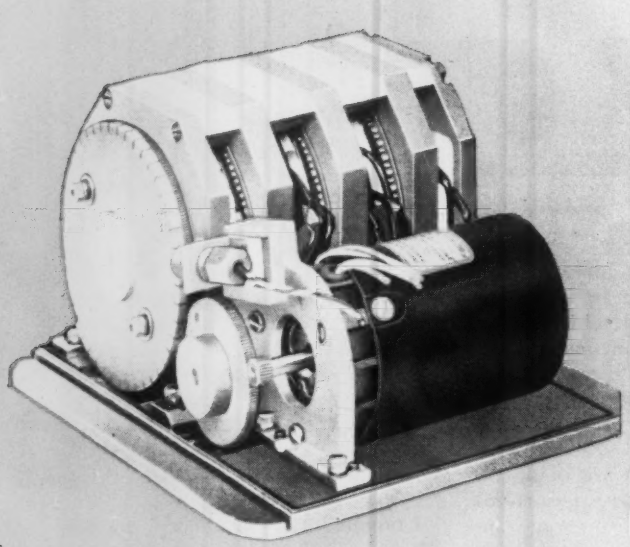
Commerce Secretary Sinclair Weeks' spirited advocacy of "no tax reduction until the surplus is larger and more is paid down on the national debt," is an indication that old-line Republicans may resist tax reduction at the next session of Congress, despite the President's statement that tax reduction is a "firm goal" of the Administration. Prospects are not bright for receipts large enough to mean a surplus after a sizable payment on the national debt.

Sharp differences exist among Democrats on the policy to be followed in the matter of interest rates. Some members of the party are striving to make tight money an issue. Others insist that there is no sound basis for easy money under present conditions and that no one ever has been elected to important office by encouraging inflation.

Harry F. Byrd has a new supporter in the person of Senator Frank J. Lausche, who says that inflation is second only to communism as a threat to the world. He points out that Congress already has approved guarantees that will expand credit buying through Federal agencies by $1 billion in this fiscal year. Among other things, he says:

"The middle-class person in our country is gradually disappearing. Those who had the prudence and stability of character to purchase an-

DESIGN ACHIEVEMENTS WITH **SUPRAMICA*** ceramoplastic



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MYCALEX TM commutation switches and SUPRAMICA ceramoplastics are making significant contributions to the reliability and durability of electronic equipment for military and civilian applications.

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WORLD'S LARGEST MANUFACTURER OF GLASS-BONDED MICA AND CERAMOPLASTIC PRODUCTS

nuities, participating through joint contribution of employer and employee in the establishment of pension and retirement payments, find that through the cheapened value of the dollar, their dream has been shattered. The greater the stability of the person, the greater the punishment that falls upon him in true inflation. It seems to me that those who are advocating expanded credit buying, increased Government spending, and pay without work, do not realize what a threat they are to the country."

The interest rate, it is pointed out, is simply the price of money. Its increase has been strikingly less than the increase in prices for goods and services.

"Lowest score in years." That headline could be used appropriately on the story of legislation expected to be completed during the first session of the 85th Congress. Committees made a much better showing. Since pending bills do not die, the second session may pull up the average of measures reaching the statute books.

The poor showing made by Congress is seen as the result of having one party in control on Capitol Hill and another in control at the White House, and Administration influence on legislation diminishes when a President cannot succeed himself. Divisions within parties add to the difficulties of enacting legislation.

The second session promises more excitement. With some elections in the offing, no opportunity will be lost to play politics with legislation. Reduction of taxes is the announced intention of each party. The form reductions may take will provide material for extended hearings and for subsequent debate. Increase in the income tax exemption and reductions in excise taxes will be sought more determinedly than ever before. The farm program cannot escape a thorough overhauling. Division among members of the agricultural committees, as well as among members of the farm bloc, means that agreement will not be arrived at easily.

Paul Wooton

WASHINGTON, D. C.

This year . . . avoid that summer "slow-down"

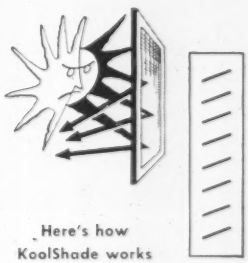
Now...prove in your own offices how KOOLSHADE Sunscreen can keep you up to 15° cooler

Send today for this free sample of Borg-Warner's KoolShade Sunscreen. Place it on a sunny desk or window sill. You'll see for *yourself* the difference KoolShade can make in the working conditions of your offices.

Keeps rooms comfortably cool. Installed on your windows, KoolShade filters out up to 87% of the sun's hot rays. Keeps your employes up to 15° cooler...even during sustained heat spells. Morale and efficiency stay up...as tempers and temperatures stay down.

Screens out harsh glare. Complete control of glare is another KoolShade benefit. This means less squinting, less eyestrain...more and better glare-free light. Another sound investment for improved working conditions.

Send for Free KoolShade sample. Why not investigate the economy of KoolShade comfort now. Use the coupon below.



Here's how KoolShade works

KoolShade Sunscreen works like a miniature venetian blind installed *outside* your windows. Tilted horizontal louvres (see cross-section, above right) intercept the sun's rays before they reach the window.

KOOLSHADE® Sunscreen

Send for FREE KOOLSHADE SAMPLE

Place this "prove-it-yourself" sample on a sunny window sill. You'll see what KoolShade can do for you.

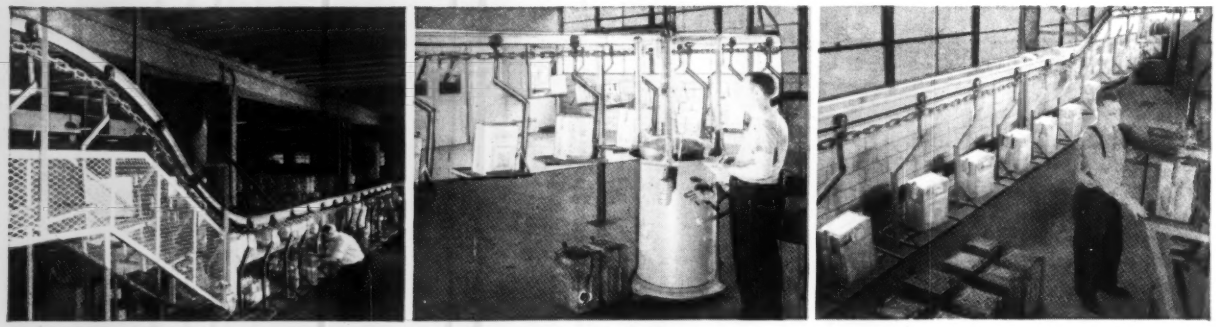
7440

REFLECTAL CORPORATION
A subsidiary of Borg-Warner Corporation
310 So. Michigan, Dept. K-39
Chicago 4, Ill.

Please send free sample of KoolShade Sunscreen, along with illustrated descriptive literature.

Name_____ Title_____
Company_____
Address_____
City_____ Zone_____ State_____

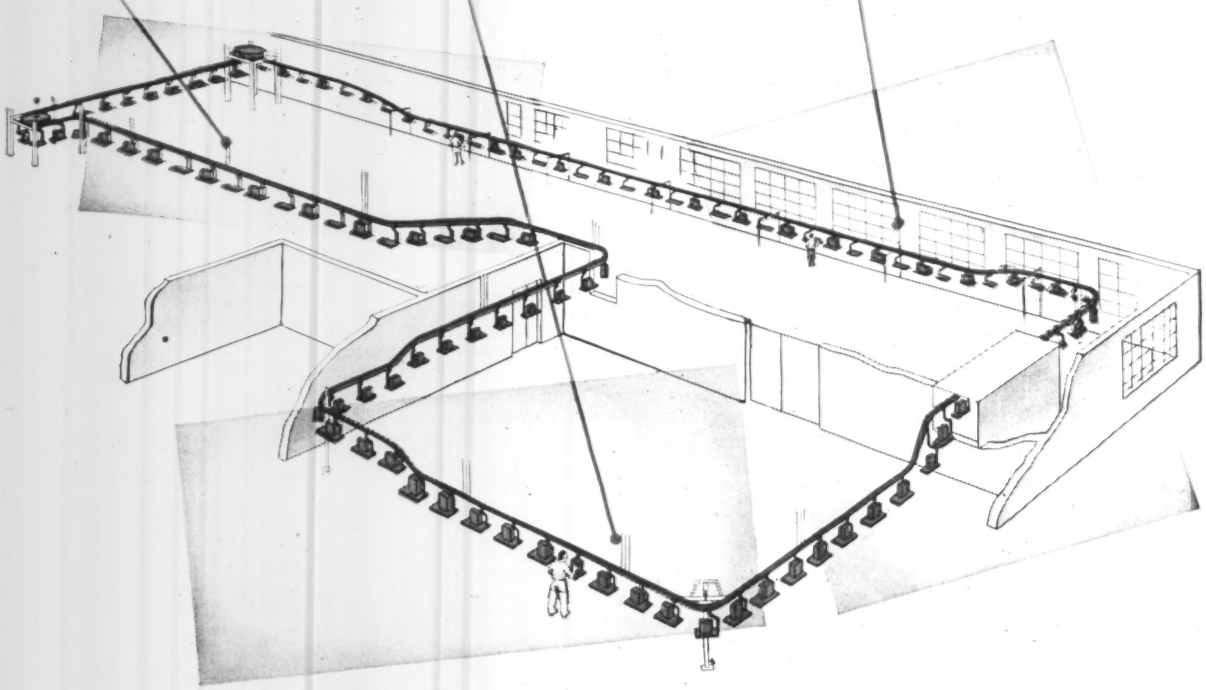
LINK-BELT Overhead Trolley Conveyor coordinates repair, refinishing, inspection



25 SIZES and types of meters are carried smoothly, efficiently by this Link-Belt Overhead Trolley Conveyor. They vary in weight from 17 to 45 lbs., travel on wire mesh bottom carriers.

ROOM-TO-ROOM route of trolley conveyor unites separate processing areas. Meters travel from testing room to washing, checking and repair stations . . . then back to testing room.

EXTREME FLEXIBILITY of conveyor permits dip in front of windows to admit daylight. At aisles and passageways, conveyor is elevated to clear anyone walking beneath.



Tie scattered processes into an integrated production pattern

APPROXIMATELY 30,000 gas meters are reconditioned each year by the Equitable Gas Co. in Pittsburgh. And to move these sensitive instruments —safely, economically and continuously—through extensive processing, a Link-Belt Overhead Trolley Conveyor is used.

This successful installation is typical of what Link-Belt Overhead Trolley Conveyors can do wherever continuous handling over fixed routes is desired. They put ceilings to work . . . save floor space . . . permit low-cost movement of materials between rooms, floors or buildings . . . improve working conditions and assure effective use of manpower.

Link-Belt can bring this same production-line efficiency to your plant. For complete details, call your nearest Link-Belt office or write for Book 2330.

LINK-BELT

OVERHEAD TROLLEY CONVEYORS

LINK-BELT COMPANY: Executive Offices, Prudential Plaza, Chicago 1: To Serve Industry There Are Link-Belt Plants and Sales Offices in All Principal Cities. Export Office, New York 7; Canada, Scarboro (Toronto 13); Australia, Marrickville (Sydney), N.S.W.; South Africa, Springs. Representatives Throughout the World. 14.473

HIGHLIGHTS *and sidelights*

comment by

Harnesta R. Gardner

You and the IGY

This month starts off the year that makes the baker's dozen look like short change. It's the *International Geophysical Year*, and it's scheduled to run for 18 months—from July 1, 1957, to December 31, 1958. It's the "year" in which the satellite is to be launched, and in which, it is hoped, a new high in international cooperation will be reached in world-wide studies of weather and radiation, oceanography and seismology.

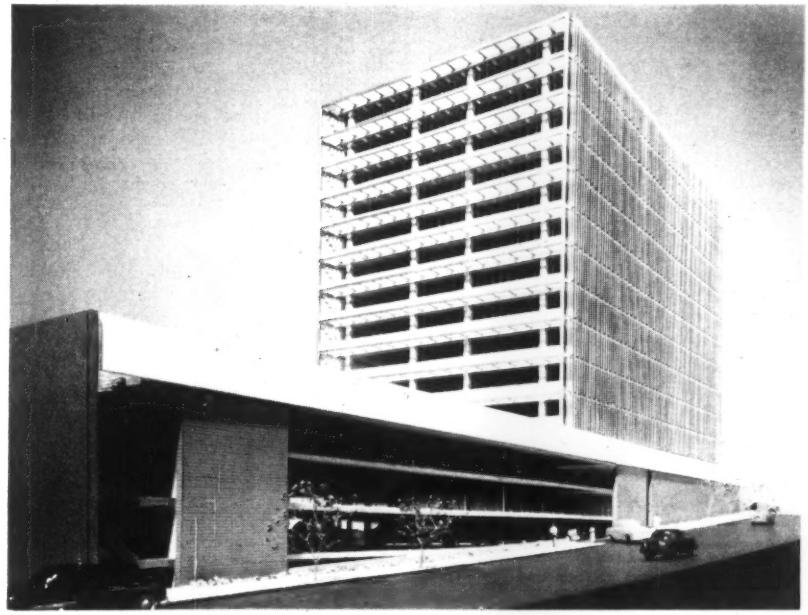
But what effect will it have on your company?

Many manufacturers are participating in the IGY directly—providing the plastics for weather balloons, the transistors for monitoring instruments, and parts for the satellite itself. But all can and should eventually benefit through improved weather forecasting, greater knowledge of solar and atomic radiation, improved communications, and such "by-product" techniques as new data-collection and computing methods developed to handle the mass of measurements involved.

Good resolutions

The problems of the home laundry equipment industry strike a familiar note: misuse of equipment by customers that keeps out the sun's direct rays. Other interesting features that help to reduce operating as well as construction costs: flexible hung ceilings; prefabricated, movable interior walls, made of metal, but looking like plaster; removable panels on elevator walls that are readily replaced when marred or damaged. (For other new angles on construction, see May, page 46.)

Sunny side out



It gets hot in Los Angeles—and beating the heat can be an expensive proposition, here as in so many other sections of the country. But this Tishman Realty & Construction Company building has "Venetian blinds" on the outside that are said to reduce the air-conditioning load—and cost—by as much as 10 per cent. The vertical and horizontal aluminum louvers are preset at an angle

Oxford PENDAFLEX® "INTEGRATED NAME FILE" SPEEDS CUSTOMER SERVICE AT PEPPERELL

Delay in answering inquiries was a problem in the New York Sales Office of Pepperell.

Phone clerks spent too many hours pulling customer's papers from the files. This was work that should have been done by the file supervisor and two file clerks, but the conventional filing system allowed them time only for sorting and filing.

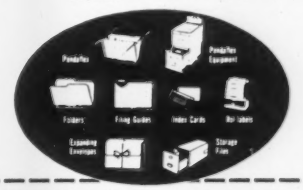
Delays were suddenly ended when Oxford's new Pendaflex Integrated Name File was installed.

Filing speed tripled. The same filing personnel now sorts, files, pulls, and delivers papers to the Customer Service department, with time left over for relief work in other departments.

The change permitted *true centralized filing of all related papers under one account name.*

I.N.F. will reduce your filing costs and speed up your customer inquiry service. Send coupon for Oxford Pendaflex catalog and I.N.F. case histories.

Oxford — FIRST NAME IN FILING



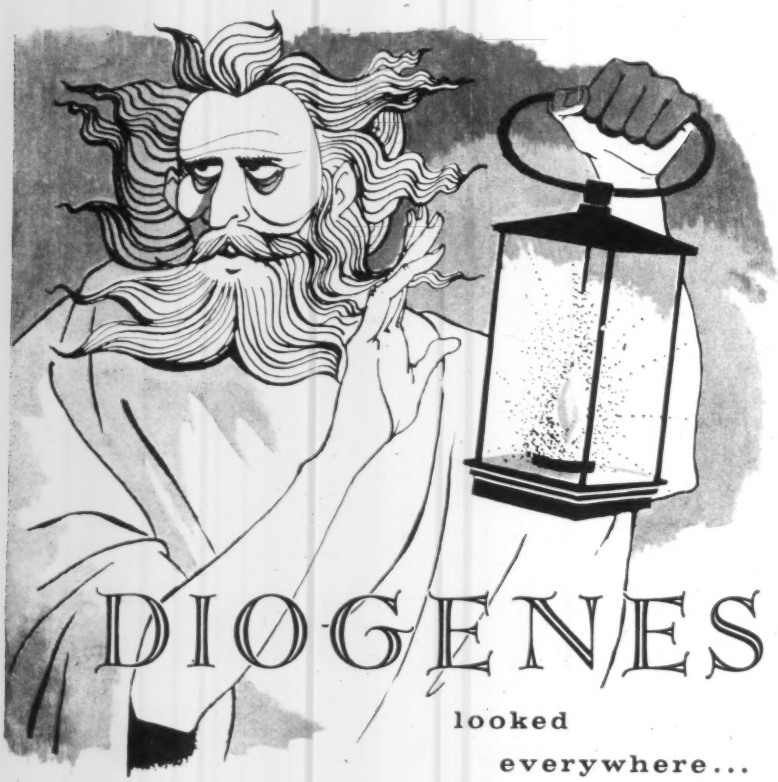
Oxford Filing Supply Co., Inc.
48 Clinton Road, Garden City, N. Y.

Send case histories of Pepperell and other money-saving I.N.F. installations to:

Name.....

Address.....

City & State.....



DIOGENES

looked

everywhere...

Lamp in hand, Diogenes tramped barefooted through the streets of Athens looking, he said, for a truly honest man. There must have been many relatively good men and true in old Athens. The trouble was probably with Diogenes. Like many of us, he aimed for perfection and just set his standards too high.

Today, many manufacturers find themselves in a like fix.

In their zeal to make an honest product, they frequently reject parts and materials that would be perfectly good for their purposes. Why? Because they reject for *seeming* defects. Or, they toss out bad parts far too late,—*after* much production time and labor have been spent on them.

In either case, these men rob themselves of legitimate profit through unnecessary high cost.

Magnaflux nondestructive test systems are in wide use, as a means of controlling production costs and quality. They make defects visible or show incorrect material characteristics or composition—at any stage of the production processes. Such early detection permits rapid correction of small troubles before they become big and expensive.

If you would shed light on how Magnaflux Test Methods could help improve your production operations, write for your copy of "LOWER MANUFACTURING COSTS". This new booklet clearly illustrates where and how these production tools have helped others. They can do the same for you.

Test equipment by Magnaflux can be tailored to your exact needs. Prices vary from a few hundred to a few thousand dollars—outright sale, no rentals required.

Moral: A little light can uncover a problem...a little thought can suggest a cure.

THE HALLMARK OF QUALITY IN TEST SYSTEMS

To Test is to Economize

MAGNAFLUX CORPORATION

7322 W. Lawrence Avenue • Chicago 31, Illinois

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tomers, failure of suppliers of related products to cooperate, and so on. But the American Home Laundry Manufacturers' Association is approaching these problems with an attitude that is mighty encouraging. Says Guenther Baumgart, executive director of the Association:

> Will we still be complaining in 1965 about the same problems as we are today, or are we going to take the initiative in solving them?
>
> No one outside our industry is going to provide us with solutions. We will have to create our own. But we can do it. Let's ask ourselves:
>
> Can we turn service—good service—into an asset? Can we train, or promote the training of, enough competent service men? Would standardization help?
>
> Are we paying enough attention to safety?
>
> By 1965, will we have a home laundering course in every junior high school; or will we still be screaming, "If they—our customers—would only read the instruction books!"?
>
> Can we get textile and clothing manufacturers to label their products as to washability?
>
> Are we growing sophisticated enough to plan marketing strategy and selling practices to build up our entire industry as well as to keep our own individual product in front?

This is a positive approach that should pay off, and one other industries might well adopt.

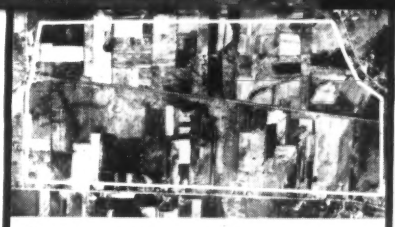
Glass was never like this

A brand new group of materials, made from glass, yet with a surface hard enough to scratch steel and a heat resistance far superior to ordinary glass, is coming from Corning Glass Works.

Known as *Pyroceram*, the materials have their first application in radomes—protective cones for airborne radar equipment—but Corning foresees a vast range of applications, based on their unique combination of hardness, heat resistance (to 2,460° F or more), resistance to breakage, electrical insulating ability, strength, and formability.

Pyrocerams may, for instance, prove useful as cutting tool tips. Jet engine turbine blades might be made of these materials. Brake linings are another possibility. And, because they can be made transparent or opaque, and can be colored, they may have many consumer applications.

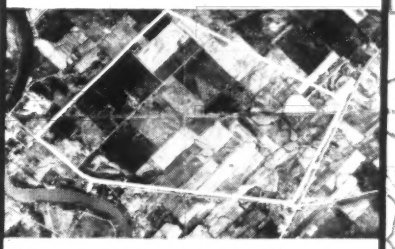
Though the Pyroceram group cannot compete with regular heat-resistant glass on a cost basis, Corning does believe it will be less expen-



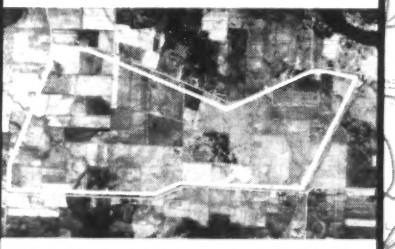
Ⓑ LIVERPOOL, N. Y.

Ⓐ CAMILLUS, N. Y.

Ⓔ SYRACUSE (De Witt), N. Y.



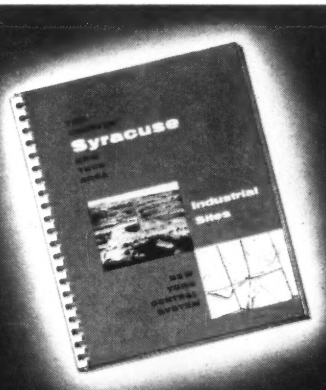
Ⓒ PHOENIX (Three Rivers), N. Y.



Ⓓ BREWERTON, N. Y.

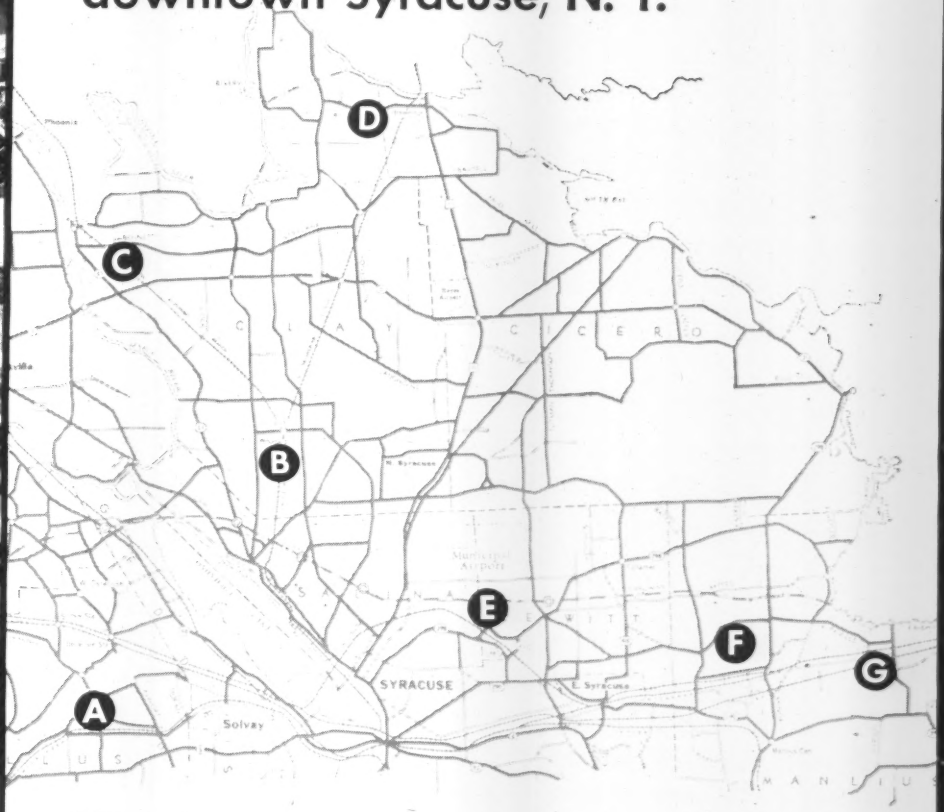
Ⓕ MINOA, N. Y.

Ⓖ KIRKVILLE, N. Y.



SEVEN LARGE PLANT SITES

within 15 miles of downtown Syracuse, N. Y.



YOUR PLANT, warehouse or branch located on one of these properties will be in the geographic center of New York State. It will be in an area of well-balanced communities right in the hub of a great industrial empire.

A new brochure "Greater Syracuse Industrial Sites" brings you plant-site data and illustrations on seven highly desirable locations.

These industrial sites, as well as other properties available in communities in the general Syracuse area, are served by the New York Central Railroad, providing rail transportation in all directions. The New York Thruway can be readily reached by good connecting roads. A large pool of both skilled and unskilled male and female labor is available in the immediate area. These locations offer excellent community life and living accommodations.

New York Central Railroad Industrial Development Department has helped thousands of businessmen locate plants and warehouses in the territory served by the Central's network. Let us help you find a Central location that meets your requirements.

Route of the "EARLY BIRDS"—the one-day faster freight service

New York Central Railroad

Send for illustrated brochure — today — No obligation

A copy of "*Greater Syracuse Industrial Sites*" brochure will be sent to executives, free of charge, when requested on a business letterhead.

Write to: Industrial Development Dept. E, New York Central Railroad, 466 Lexington Avenue, New York 17, New York.

OUTPERFORMS and Out Values all lift trucks in its class

Regardless of Price!

PRICE
$3975.00
"WE INVITE COMPARISON"

1500 lbs
LOAD CAPACITY

ENGINEERED YEARS AHEAD

- Complete bearing control throughout
- Synchronized 12-volt heavy duty system
- Feather-controlled stops
- Equipped with automatic charger and heavy duty industrial battery
- Self-aligning dual floor brakes

OPERATES IN 28" AISLES

APPLICATIONS

- Hydraulic loading, unloading, stacking, moving, any type of material...in large or small plants.

MORE THAN 40 BIG JOE MODELS

- Range up to 2000 lbs. capacity
- Lifting heights to 130"

NEW 24-PAGE CATALOG

In-Between Handling is our business! Write for our new 24-page catalog.

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Export Division: 400 West Madison St., Chicago

Big Joe Hydraulic Lift TRUCKS

MAIL COUPON

BIG JOE

MANUFACTURING CO.
Ralph Hines Road
Wisconsin Dells, Wisc.

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sive than stainless steel and might well prove competitive in applications ranging from chemical equipment to curtain wall construction.

Pyroceram is made from the same ingredients as ordinary glass; but to these are added one or more "nucleating agents," which, during heat-treatment, change its structure from the amorphous form of glass to a fine-grained crystalline pattern.

Pyroceram can be fabricated by all of the usual glass-forming methods —blowing, pressing, drawing, and molding; and, in addition, it can be cast, which ordinary glass cannot.

Corning says the new materials can be produced in quantity, with a great many variations in physical, chemical, electrical, and mechanical properties. (More than 400 types have already been made.) Inquiries from potential users are being invited.

How-times-change note

What are the top attention-getters in the chemical-industrial field today? Most people would list at least four of the following: atomic energy, electronics, guided missiles and high-energy fuels, special-purpose metals (titanium, zirconium, beryllium, and the like), tranquilizing drugs, automation.

Would the list have been the same ten years ago? Do some of these already seem commonplace? Turn back the calendar, then. In 1947, the special-purpose metals were familiar only to a few chemists and physicists; the word "automation" had not yet been coined (though the ideas were in practice in many industries); and atomic energy was only beginning to make its industrial debut.

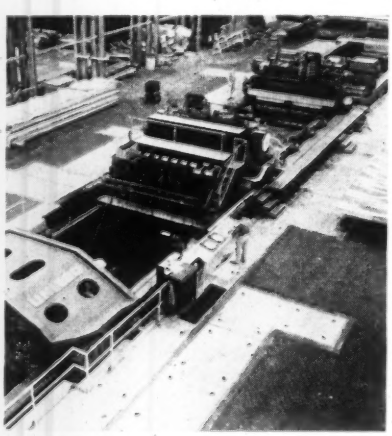
The leaders in 1947, according to F. Eberstadt & Company, Inc., included antibiotics, synthetic detergents, synthetic fibers, and plastics. All these are still important—and still growing. But the spotlight has moved on—and the wise manager has kept up with it.

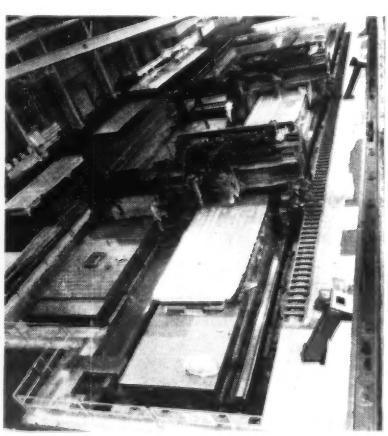
Can you match this one?

An interesting angle on color selection is White-Rodgers' choice of shade for its new electric heat thermostat. Designed for close control of space heating in the range from 55° to 85° F, it has been given an *Adobe Beige* finish because, W-R says, "this hue has heat absorption qualities similar to that of the human body . . . thus providing a very close differential, and keeping variations in heating to a minimum."

The thermostat is right up to date in its applications, too. W-R says it can be used to control cable heat and glass or rubber panels as well as electric baseboards.

Aluminum's record-breakers





The light metals will really be moving fast —into printing machinery, construction equipment, and the ground transportation field—as well as opening new lanes in aircraft design as big new machines like those pictured here and on page 37 swing into action. They'll make it possible to design larger sections and perhaps produce them in one piece at far lower cost than present-day assemblies. At left is the "world's largest stretcher"—a machine that can apply a pull of 16 million pounds to form contoured aircraft wing sections, and, at right, an equally big skin miller that turns out huge sculptured surfaces. Both are in Reynolds Metals' McCook, Ill., plant.

"We're saving a VP's salary in the mailroom!"

"The saving is in mailing—with Pitney-Bowes' new Mail Inserting Machine. It has cut costs as much as $7.00 per thousand pieces on some mailing. Does as much work as eight girls did formerly. Shaved mailing room overtime way down, and we no longer need to hire, beg or borrow crews of clerical people. Best buy in an office machine we ever made!"

That's a fair composite of testimonials we've received from users of the new PB Mail Inserting Machine—the Model 3100.

The "3100" gathers, nests and stuffs into envelopes as many as four assorted enclosures; closes, seals, counts and stacks envelopes at speeds up to 6,000 per hour! An optional postage meter machine hookup simultaneously provides preferred metered mail postage—first or third class.

It's the fastest inserting machine ever made, with amazing accuracy—automatic detectors catch errors before envelopes are filled. The "3100" has had five years of actual user tests; some test models have processed more than 15 million mailings!

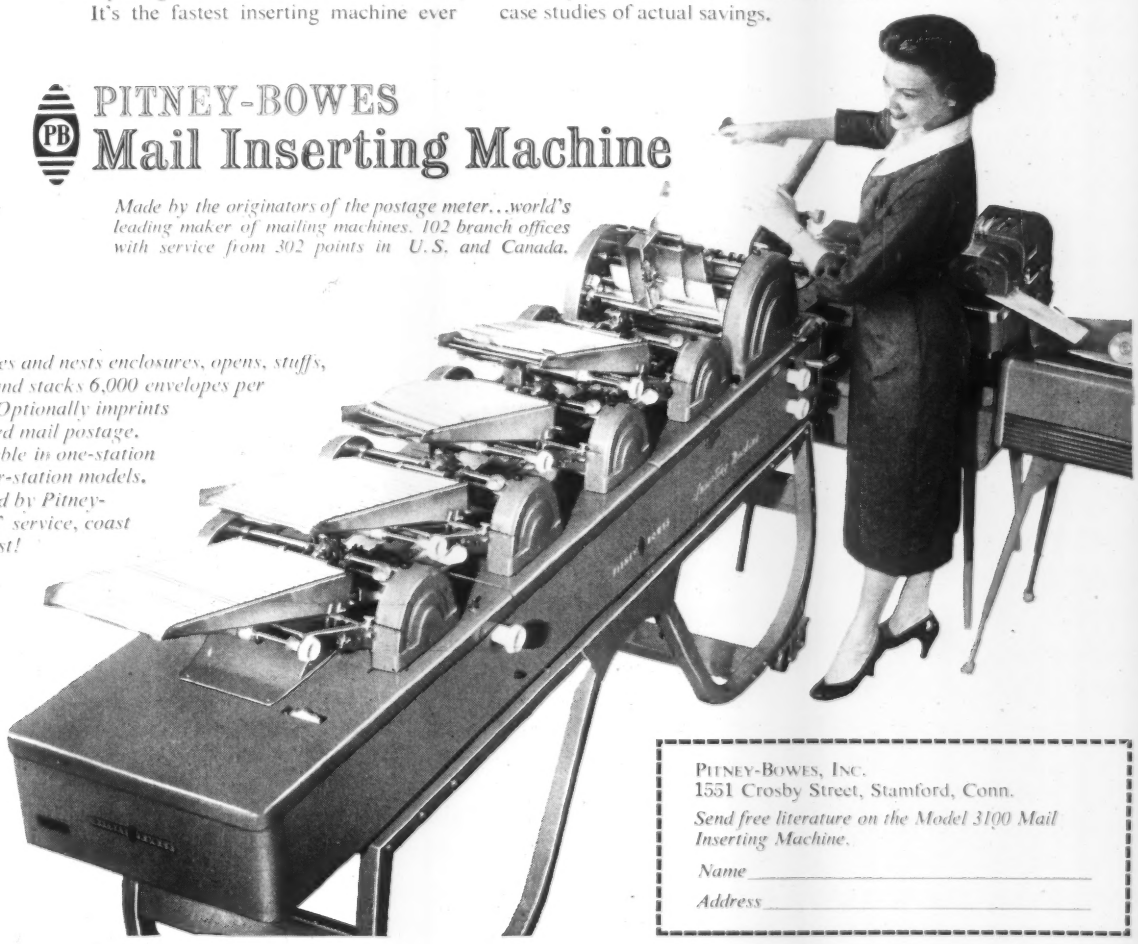
The "3100" is extremely versatile; can handle a wide range of sizes of envelopes and enclosures, including checks, light card stocks, end-folded bills, tabulating cards, booklets, etc. Easily controlled from one side it can be set in minutes, needs little maintenance and no skilled operator.

EVEN if you have only one large mailing a quarter, the "3100" will quickly pay for itself in costs and time saved, in prompter and better scheduled mailings. Permits a far wider use of the mails. Ask the nearest PB office for a free demonstration. Or send the coupon for free illustrated literature and case studies of actual savings.

PITNEY-BOWES
Mail Inserting Machine

Made by the originators of the postage meter...world's leading maker of mailing machines. 102 branch offices with service from 302 points in U.S. and Canada.

Collates and nests enclosures, opens, stuffs, seals and stacks 6,000 envelopes per hour. Optionally imprints metered mail postage. Available in one-station to four-station models. Backed by Pitney-Bowes' service, coast to coast!



PITNEY-BOWES, INC.
1551 Crosby Street, Stamford, Conn.

Send free literature on the Model 3100 Mail Inserting Machine.

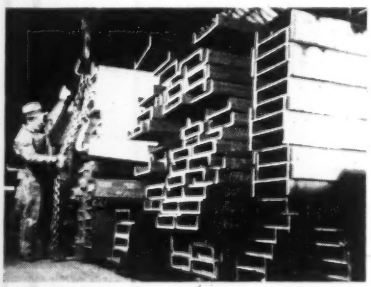
Name _____

Address _____

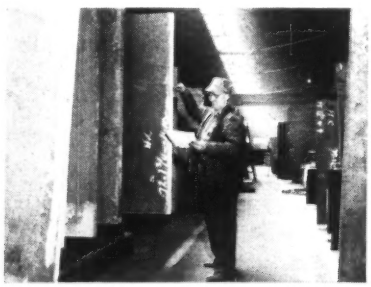
REPORT TO MANAGEMENT
on Ryerson Stocks and Services

In addition to the products shown below, you can call on Ryerson for flame-cut steel shapes, fabricated steel for reinforced concrete or steel frame construction—many other products and services. And equally important are the specialists who carry out the Ryerson quality control program—see that customers specifications are *exactly* met, that every order is correctly filled and promptly delivered. As a result you get unequalled service and certified quality when your company calls Ryerson for steel, aluminum, industrial plastics and machinery.

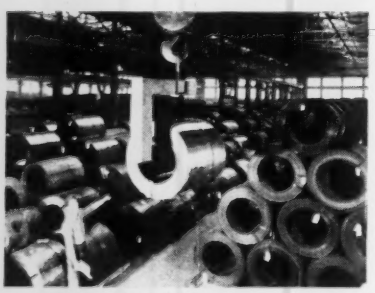
CARBON STEEL & ALLOY BARS
Most complete range of types, shapes and sizes as well as largest tonnage.



STRUCTURALS—I-beams, H-beams, channels, angles, tees and zees—all high quality steel to ASTM spec. A-7.

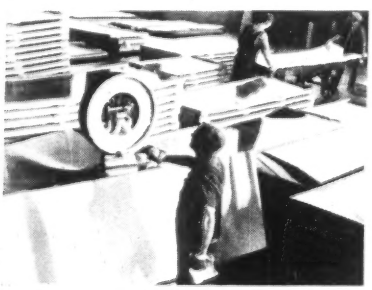


PLATES—14 types including special low carbon steel plates for forming and welding, leaded New E-Z-Cut, etc.

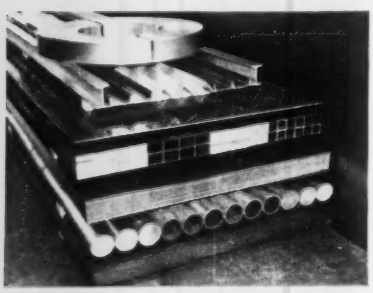


SHEET STEEL & STRIP—More than 20 different types in pattern sizes, cut-to-order sizes, strip coils, etc.

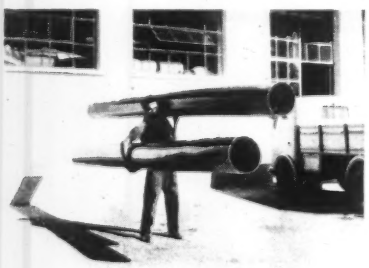
TUBING—Seamless and welded steel tubing—mechanical tubing, fluid line, pump cylinder and structural tubing.



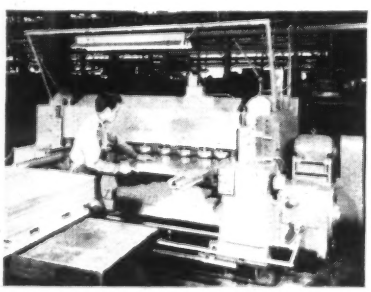
STAINLESS STEEL—Allegheny stainless in over 2,221 sizes, shapes, types, finishes: sheets, plates, bars, pipe, etc.



ALUMINUM—At many Ryerson plants—sheets, coils, plates, bars, tubing, architectural and structural shapes, etc.



INDUSTRIAL PLASTICS—PVC pipe, fittings, sheets and rods, rigid Kralastic and flexible polyethylene pipe.



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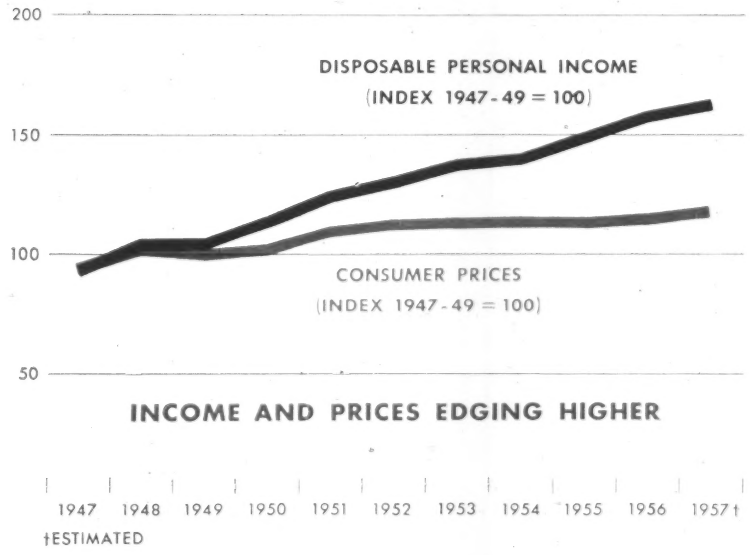


INCOME AND PRICES EDGING HIGHER

A slight decline in weekly earnings of factory workers in the first quarter of 1957 somewhat restricted the increase in disposable personal income. Consumers' prices continued to advance, with further inroads in the purchasing power of the income dollar.

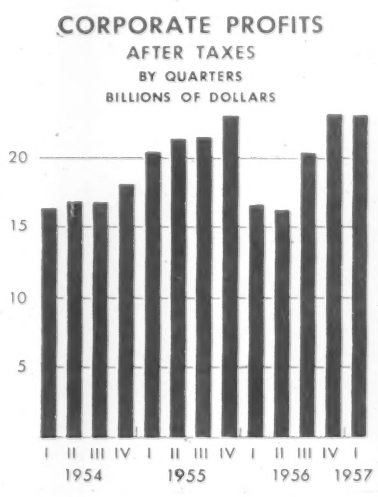
THE TREND OF BUSINESS

PERSONAL OUTLAYS for consumption were at peak levels in the first half of 1957, but the rise of about 5 per cent from a year ago in the dollar total camouflaged some hard facts. By the time the 3 million new youngsters had been clothed and fed, and higher prices paid for almost every commodity and service used in daily living, the average consumer was very little better off than a year previously. Like the Red Queen in *Through the Looking Glass*, Mr. Averageman seemed constrained to run faster in order to stand still.

Consumers' after-tax income in the first quarter of 1957 was at the unprecedented annual rate of more than $295 billion, a gain of 5 per cent from a year ago—but on a per capita basis, after adjustment for price changes, there was no change at all from last year. The slight gain in the unit volume of consumption was achieved by an increase in consumer credit and at the expense of saving. The savings rate dipped from 7.3 per cent of disposable income in the fourth quarter of 1956 to 6.9 per cent in the first quarter of 1957, although it remained above a year ago.

The evidence was not sufficient to justify sweeping conclusions, but there were signs that business might be somewhat stagnant. The climb of dollar income and sales totals to more and more imposing heights tended to obscure some underlying problems.

With the population expanding as fast as it can be supported at current living standards and an enormous share of the national wealth devoted to defense, our resources appear increasingly to be used for the preservation of the status quo, with relatively less provision than in recent years for future progress. That this might be a temporary phenomenon was the view among a number of business observers who expect a resumption of gains in both unit and dollar sales and income some time within the next year. (A forecast for the next twelve months appears on the next page.)



At an annual rate of $23 billion, corporate profits in the first quarter of 1957 were considerably higher than was anticipated.

New employment peak

Continued gains in total personal income seem assured for the next few months, since employment is expected to rise to a new all-time peak of 68 million in the Summer and wage rates will undoubtedly remain high. About 1.4 million workers whose wages are covered by escalator clauses are to receive wage increases because of the steady rise in consumer prices.

The Consumer Price Index reached still another all-time high in April, reflecting continued advances in the cost of living for the typical city

LOOKING FOUR QUARTERS AHEAD . . .

First of a new series of quarterly forecasts

Calendar 1956	First Quarter 1957	Second Quarter 1957	*Figures in billions of dollars at seasonally adjusted annual rates*	Third Quarter 1957	Fourth Quarter 1957	First Quarter 1958	Second Quarter 1958
412.2	**427.1**	**429.5**	**GROSS NATIONAL PRODUCT**	**435.4**	**442.1**	**448.9**	**454.7**
265.7	**275.0**	**277.3**	**CONSUMER SPENDING**	**280.9**	**284.6**	**287.9**	**290.5**
79.8	**84.8**	**86.6**	**GOVERNMENT OUTLAYS**	**88.3**	**89.7**	**90.9**	**92.1**
66.8	**67.3**	**65.6**	**PRIVATE INVESTMENT**	**66.2**	**67.8**	**70.1**	**72.1**

Economic activity will set another new record in the coming twelve months, a period coinciding with the Federal fiscal year. So far as can be seen, the country's output of goods and services (the gross national product) should rise uninterruptedly to a seasonally adjusted annual rate of $455 billion in the second quarter of 1958. This assumes present tax rates and a monetary policy no more restrictive than in 1956.

In physical terms, growth will be somewhat smaller than the dollar figures suggest, since a further modest rise in prices appears likely. With the estimated changes in the volume and composition of demand, the Federal Reserve Board's index of industrial production will probably reach 150 (1947–1949 = 100) sometime next Winter or Spring. Unemployment, after allowance for seasonal changes, should average close to 4 per cent of the civilian labor force.

GOVERNMENT SPENDING: Despite efforts to cut the budget, direct Federal spending for goods and services over the next twelve months will exceed the total projected by the Administration last January by almost $2 billion. The recent upward trend in state and local government outlays is expected to persist.

PRIVATE INVESTMENT: The behavior of this item will reflect uneven movements in its major components: non-farm housing, other private construction, producers' equipment, inventory change, and net foreign investment.

At this writing, it seems likely that over the next year the value of non-farm housing put in place, while trending upward, will average about 3 per cent below calendar 1956. The number of new housing units will fall short of the 1.1 million reached in 1956 by a considerably larger margin since both average value per unit and outlays for additions and alterations will be higher. However, by next Spring, if not earlier, the seasonally adjusted annual rate should have moved close to its 1956 average.

Most of the evidence bearing on prospects for producers' equipment and other private building suggests that their aggregate will climb gradually throughout fiscal 1958.

As for inventories, the odds are that the net reduction in stocks, which has been a moderate drag on activity for several months, will cease sometime this Fall, setting the stage for another build-up in the first half of 1958.

Net foreign investment should trend downward during fiscal 1958 due partly to a drop in European purchases of American oil.

CONSUMER SPENDING: The forecast of consumer outlays is predicated on the expectations that post-tax consumer income will rise at an annual rate of $3 to $4 billion per quarter and that the portion of income saved will average close to 7 per cent.

EDWIN B. GEORGE, *Director of Economics*
ROBERT J. LANDRY, *Economist*

A more detailed discussion of the prospects outlined here may be obtained by writing the Business Economics Department, DUN & BRADSTREET, INC.

family. At 119.3 (1947–1949 = 100), the index was almost 4 per cent higher than a year ago. Officials at the Bureau of Labor Statistics, which compiles the index, thought that it might creep upward again in May and June, assuring further increases in some wage rates.

Twenty-one of the 149 major labor market areas were classified in the "substantial labor surplus" category in May, according to the latest survey by the Bureau of Employment Security. This compares with 19 such areas in March and 23 in May 1956. Cutbacks in the automobile, machinery, fabricated metals, shipbuilding, jewelry, and textiles industries were primarily responsible for the reduction in job opportunities in the surplus areas. Contrastingly, there were 43 areas of labor shortage in May, the same number as in March, but one fewer than a year ago.

For the country as a whole, increased opportunities in agriculture and the construction, trade, and service industries more than made up for the loss in total manufacturing jobs. Employment in May climbed to 65 million, the highest for any May on record, although factory employment declined for the fifth consecutive month. The loss of 500,000 factory jobs in the first five months of the year was twice the normal seasonal decrease.

Backlogs diminish

While manufacturers' new orders declined in April, the dip was smaller than usual for the time of year and new business continued to surpass the year-ago volume by a very small margin. Backlogs diminished for the fourth consecutive month, reflecting the widening gap between new orders and shipments.

Unfilled orders at the end of April amounted to slightly more than two months' output at the current rates, about the same as in March, but fractionally below a year ago. There were the usual variations by industry, with backlogs ranging from five or six months current output in machinery manufacturing to none at all (a customary situation) among some producers of nondurable goods.

Manufacturers' inventories crept upward this Spring, but their relationship with sales changed very little as compared with a year ago.

Steel and autos falter

There were week-to-week gains in steel production in May and early June, but output averaged about 5 per cent below a year ago and the combination of vacation shutdowns and reduced ordering is expected to slice July steel production to the low-

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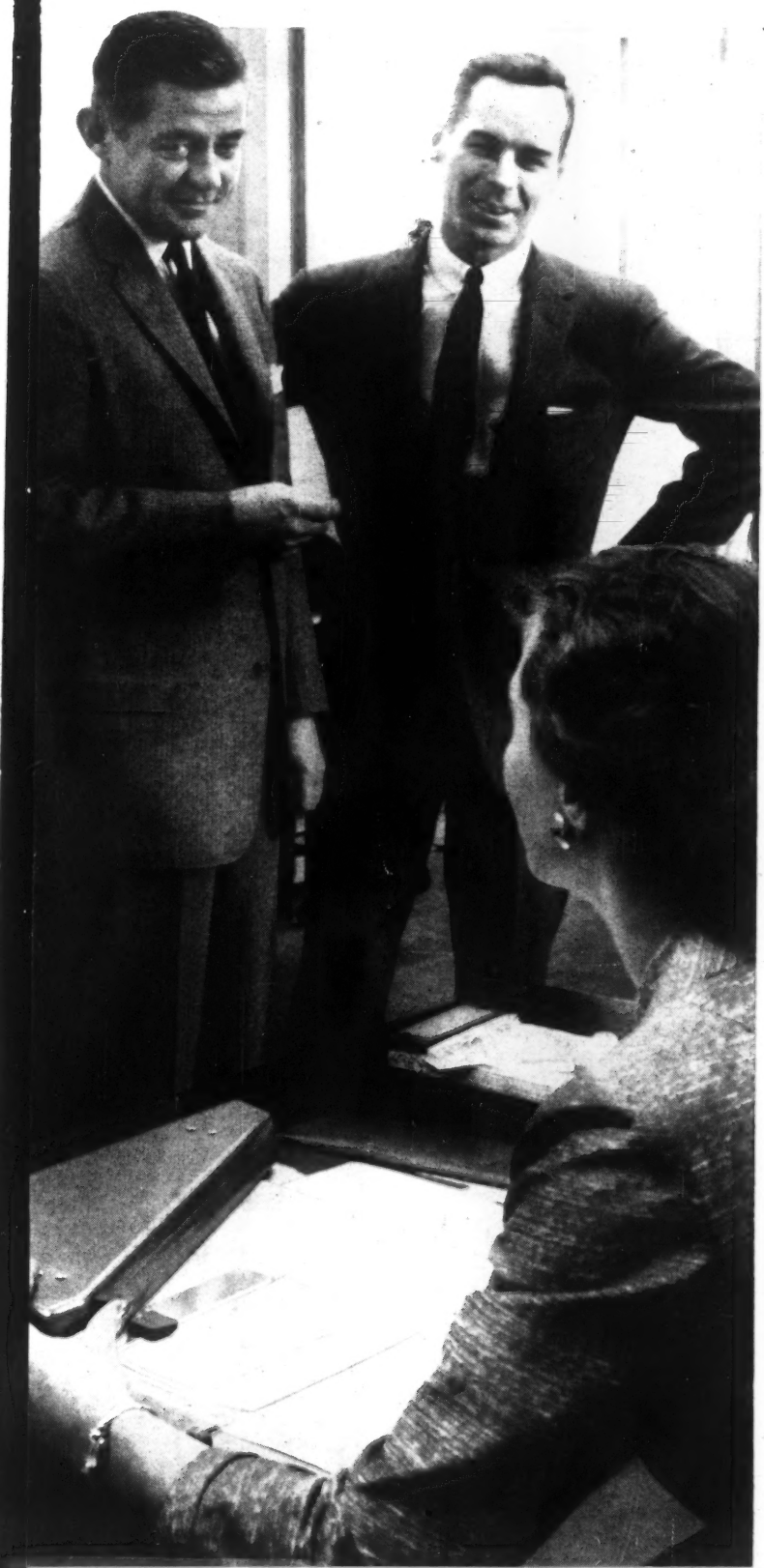

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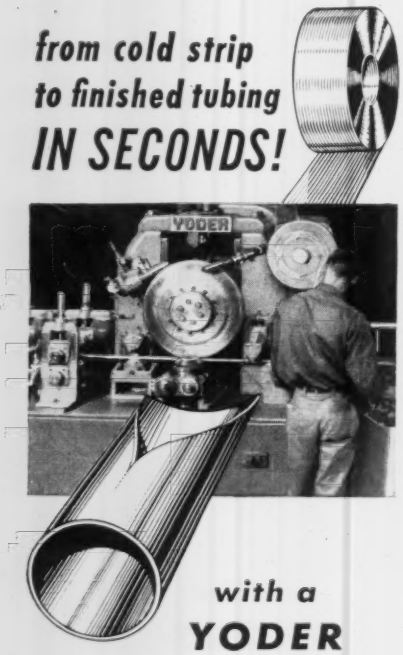

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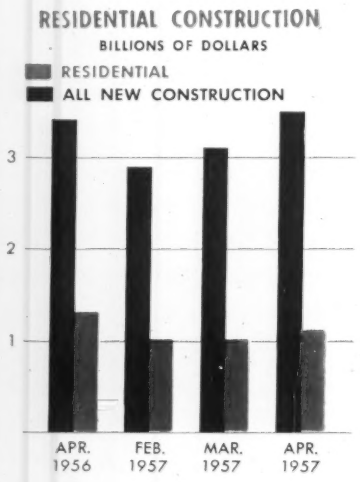
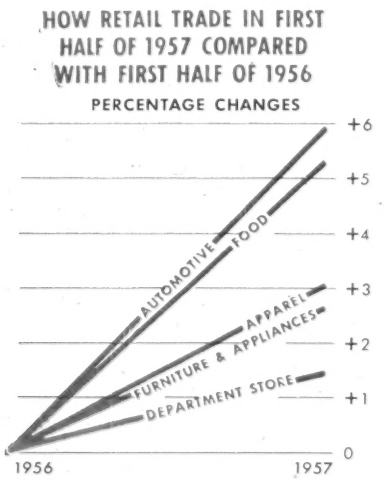


Although housing starts this Spring dropped to the lowest level in eight years, there is an increase in prospect (see page 20).



Total retail trade in the first six months of 1957 was estimated at 4 per cent higher than a year ago by DUN & BRADSTREET, INC.

est level in several years. It was the consensus among steel manufacturers that orders for steel might continue to falter until the fourth quarter of 1957, when new zest in buying is expected. Steel ingot production in May and early June averaged about 2.2 million tons a week, down from both the 2.5 million level prevalent in the first two months of 1957 and the 2.3 million level of a year ago.

Automobile production was reduced rather sharply in early June, as all hope of a Spring buying spree faded and dealers' inventories started to climb. The output of automobiles is expected to stay at reduced levels until after the model changeovers are completed this Fall. New car registration in the first four months of the year amounted to slightly less than 2 million, just a shade higher (0.4 per cent) than a year ago. Dealers' stocks of new cars on June 1 totaled 792,425 units, 8 per cent higher than on May 1, although still 1 per cent lower than a year ago.

The output of household durable goods limped along in May and early June, averaging about 10–12 per cent higher than in the so-called "normal" years 1947–1949. Cuts were especially sharp in the output of television sets, contrasting with a slight gain in radio production.

The physical volume of industrial production in April was 46 per cent higher than the average for the years 1947–1949, according to the Federal Reserve Board's index. After allowance for seasonal variations, this was slightly lower than in the first three months of the year, but output remained above last year.

Gains maintained at retail

Retail dollar volume in the first half of June was unchanged from the comparable period of 1956, according to spot estimates from DUN & BRADSTREET offices in 66 selected cities. Regionally, the year-to-year sales comparisons varied from a dip of about 3 per cent in the West North Central region to a gain of 3 per cent on the Pacific Coast.

Sales of all retail stores in May amounted to $16.9 billion, the Commerce Department reported. After adjustment for seasonal variations and for the differing number of trading days, this was 1 per cent higher than in April, 4 per cent higher than a year ago.

The largest gain from a year ago in May sales was at food and grocery stores, with an average increase of 10 per cent. Stores selling apparel and furniture and appliances sold about 1 per cent more than in May 1957, while department stores sold about 1 per cent less. Volume at gasoline stations rose 9 per cent and sales of cars, parts, and automotive supplies were up 8 per cent.

Consumers continued to rely heavily on credit to finance their purchases of automobiles and other goods. Total consumer credit outstanding at the end of April rose to $41 billion, some $2.8 billion higher than a year ago. Most of the year-to-

year increase was attributable to larger installment purchases. Consumers owed $31.5 billion in installment debt at the end of April, $2.1 billion more than a year ago.

Building outlook good

After reaching a record high for the month in April, building permit values for 217 cities in May fell 5 per cent to $561 million, some 6 per cent below a year ago. Regionally, the changes from a year ago varied from a rise of 19 per cent in the Pacific Coast region to a decline of 17 per cent in the East Central states. According to the DUN & BRADSTREET compilation of building permit values for 217 cities for the first five months of 1957, there were six cities with permit values of more than $50 million. New York had the largest permit volume, $336 million; the next five, in order of importance, were Los Angeles, Chicago, Houston, San Diego, and Dallas.

The actual volume of construction put in place in May hit a new high for the month, lifting the total for the first five months of the year to a record $17.1 billion—3 per cent larger than in the comparable period a year ago. Just about all of the gain probably resulted from higher prices. The Department of Commerce's composite index of construction costs in the first few months of 1957 was running about 3 per cent above a year ago.

The increase over a year ago in outlays for new construction in the January-May period was almost en-

BUSINESS SIGNPOSTS

1939 Average	1947 Average	Selected WEEKLY Indicators†	Latest Week	Previous Week	Year Ago
102	163	STEEL INGOT PRODUCTION Ten Thousand Tons (a)	224	221	229
25	49	ELECTRIC POWER OUTPUT Ten Million KW Hours (b)	120	116	114
76	121	BITUMINOUS COAL MINED Hundred Thousand Tons (c)	103	100	103
69	92	AUTOMOBILE PRODUCTION Thousand Cars and Trucks (d)	150	152	121
35	98	DEPARTMENT STORE SALES Index 1947–1949 = 100 (e)	125	125	131
5	13	BANK CLEARINGS Hundred Million Dollars (f)	122	103	123
284	67	BUSINESS FAILURES Number of Failures (f)	265	289	286

1939 Average	1947 Average	Selected MONTHLY Indicators‡	Latest Month	Previous Month	Year Ago
58	100	INDUSTRIAL PRODUCTION Index 1947–1949 = 100 (e)	143	144	141
58	95	NONFARM COMMODITY PRICES Index 1947–1949 = 100 (g)	125.3	125.4	121.7
37	100	FARM COMMODITY PRICES Index 1947–1949 = 100 (g)	89.5	90.6	90.9
59.4	95.5	CONSUMERS' PRICE INDEX Index 1947–1949 = 100 (g)	119.5	119.3	115.4
3.5	10.0	RETAIL SALES Billions of Dollars (h)	16.9	16.3	16.3
5.4	15.6	MANUFACTURERS' SALES Billions of Dollars (h)	27.7	29.3	27.6
45.8	58.0	EMPLOYMENT Millions of Persons (h)	65.2	64.3	65.2
72.9	190.5	PERSONAL INCOME Billions of Dollars, seasonally adjusted annual rate (h)	340.4	339.3	322.8
103	257	BUILDING PERMIT VALUES Millions of Dollars (f)	560.6	587.8	596.1

SOURCES: (a) Amer. Iron & Steel Inst.; (b) Edison Elect. Inst.; (c) Bureau of Mines; (d) *Automotive News*; (e) Federal Reserve Board; (f) DUN & BRADSTREET, INC.; (g) Bureau of Labor Statistics; (h) Department of Commerce.
†WEEKLY INDICATORS: Steel data for the fourth week of June; coal and sales for the second week; all others for third week.
‡MONTHLY INDICATORS: Manufacturers' sales for April; all others for May.

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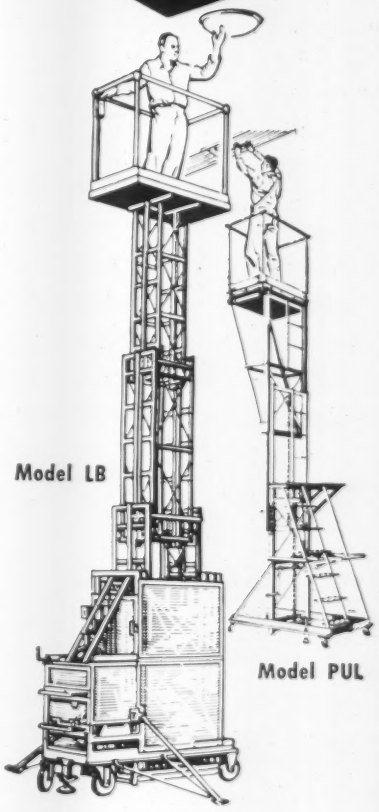

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tirely attributable to increased public construction. Privately financed building was only a hair's breadth higher than last year, with the overall figure concealing marked differences by type of construction.

The most marked gain in the physical volume of privately financed construction in the first five months of this year was in noncommercial nonresidential building, with a particularly notable 46 per cent increase in hospital construction.

The five-months total for industrial construction surpassed last year's volume by 16 per cent and spending for office buildings and warehouses was up 12 per cent. Outlays for new dwelling units and stores, restaurants, and garages fell 12 and 16 per cent below a year ago.

Housing recovery due

While it is estimated that housing starts for 1957 will drop to about 900,000 units, down from the 1,118,100 in 1956, low vacancy rates coupled with increasing family formation and some easing in home mortgage rates are cited by some industry observers as factors favoring a near future increase in the demand for housing. It is the consensus that starts may recover to something over 1 million units in 1958.

Plant expansion high

Although outlays for new plant and equipment in the first half of 1957 were a shade lower than had been forecast earlier, the difference is expected to be regained in the second half of the year, according to the latest survey by the Commerce Department and the Securities and Exchange Commission.

Total spending for new plant and equipment in 1957 is still expected to hit $37.4 billion, a gain of 6.5 per cent over that in 1956. Expenditures for the first nine months of 1957 are scheduled to rise 9 per cent above a year ago, implying a moderate slackening in the rate of increase in the fourth quarter, if the annual estimate proves correct. A year-to-year gain in capital spending will occur in almost all industry groups.

This is a Business Conditions Staff Report, prepared by Lorraine Carson, Business Conditions Editor.

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BUSINESS FAILURES

EDGING up 2 per cent in May, business failures reached 1,200, a toll exceeded only once (in March) in the past sixteen years. But the rise from the comparable month of 1956 was slight—3 per cent—and casualties remained below the prewar level of 1,238 in 1940.

In relation to the listed business population, concerns failed at a rate of 50 for every 10,000 appearing in the DUN & BRADSTREET *Reference Book*, according to DUN'S FAILURE INDEX. The index projects monthly mortality to an annual rate and adjusts for seasonal variation. The current rate turned up slightly from 48 in April and 49 in May last year, yet it was considerably less severe than the 66 for each 10,000 listed enterprises in 1940.

For the fourth consecutive month, liabilities moved contrary to the number of casualties. Losses declined 8 per cent to $52.5 million, the lowest volume so far in 1957. There was a dip in failures with liabilities in excess of $1 million that outweighed increases among concerns with liabilities under $5,000 and among those with liabilities between $100,000 and $1 million. Actually, a new high was established for the latter size group.

Wholesaling and manufacturing tolls rose most sharply during May. Among the wholesalers, casualties reached a postwar peak, with marked increases in the machinery and general merchandise trades. Five industries contributed to the heavier manufacturing tolls: textiles; lumber; printing and publishing; stone, clay, and glass; and machinery.

Casualties continued above the 1956 level in trade and construction, although they dipped slightly among manufacturing and service establishments. May marked the thirteenth straight month in which retail and construction tolls exceeded the comparable level of the previous year. In these two industry divisions, increases over last May prevailed generally, except for a drop in apparel store casualties, but there were marked differences in the rates of the upward movement.

Tolls were higher than a year ago in the North Central and South Central regions, as well as in the South Atlantic region.

FAILURES BY DIVISION OF INDUSTRY

(Current liabilities in millions of dollars)	Number 5 Months		Liabilities 5 Months	
	1957	1956	1957	1956
MINING, MANUFACTURING	1030	1066	98.4	93.3
Mining—Coal, Oil, Misc.	28	16	5.8	3.7
Food and Kindred Products	81	90	5.7	5.6
Textile Products, Apparel	226	277	15.1	19.1
Lumber, Lumber Products	189	178	11.5	11.8
Paper, Printing, Publishing	57	47	2.6	2.1
Chemicals, Allied Products	26	22	2.3	10.7
Leather, Leather Products	32	42	3.9	2.7
Stone, Clay, Glass Products	29	14	1.5	2.4
Iron, Steel and Products	44	53	20.1	5.1
Machinery	117	133	13.2	16.2
Transportation Equipment	27	27	2.2	2.2
Miscellaneous	174	167	14.5	11.7
WHOLESALE TRADE	565	546	35.9	24.7
Food and Farm Products	128	115	8.9	4.2
Apparel	23	27	1.8	1.2
Dry Goods	13	17	0.4	0.3
Lumber, Bldg. Mats., Hdwre.	63	76	3.2	4.7
Chemicals and Drugs	27	16	1.3	0.3
Motor Vehicles, Equipment	32	28	1.6	1.2
Miscellaneous	279	267	18.7	12.7
RETAIL TRADE	3032	2656	82.1	66.1
Food and Liquor	497	424	9.9	6.1
General Merchandise	134	118	6.6	5.5
Apparel and Accessories	525	540	10.5	10.7
Furniture, Furnishings	468	339	17.1	10.8
Lumber, Bldg. Mats., Hdwre.	204	153	6.2	5.0
Automotive Group	344	299	9.1	11.3
Eating, Drinking Places	535	463	13.6	9.8
Drug Stores	69	62	2.1	1.5
Miscellaneous	256	258	7.0	5.3
CONSTRUCTION	915	702	49.4	39.0
General Bldg. Contractors	355	268	26.8	21.0
Building Subcontractors	501	394	17.3	15.9
Other Contractors	59	40	5.4	2.1
COMMERCIAL SERVICE	463	421	19.0	13.4
TOTAL UNITED STATES	6005	5391	285.0	236.5

Liabilities are rounded to the nearest million; they do not necessarily add to totals.

THE FAILURE RECORD

	May 1957	April 1957	May 1956	% Chg†
DUN'S FAILURE INDEX*				
Unadjusted	52.6	51.6	51.3	+ 3
Adjusted, seasonally	50.1	48.2	48.9	+ 2
NUMBER OF FAILURES	1,200	1,175	1,164	+ 3
NUMBER BY SIZE AND DEBT				
Under $5,000	192	149	194	— 1
$5,000–$25,000	574	584	579	— 1
$25,000–$100,000	303	338	278	+ 9
Over $100,000	131	104	113	+16
NUMBER BY INDUSTRY GROUPS				
Manufacturing	205	190	245	16
Wholesale Trade	132	115	118	+12
Retail Trade	600	580	575	+ 4
Construction	181	172	132	+ 37
Commercial Service	82	118	94	—13
LIABILITIES (in thousands)				
CURRENT	$52,552	$57,103	$59,901	—12
TOTAL	54,925	57,347	60,334	— 9

*Apparent annual failures per 10,000 listed enterprises listed in the DUN & BRADSTREET *Reference Book*.

†Per cent change, May 1957 from May 1956.

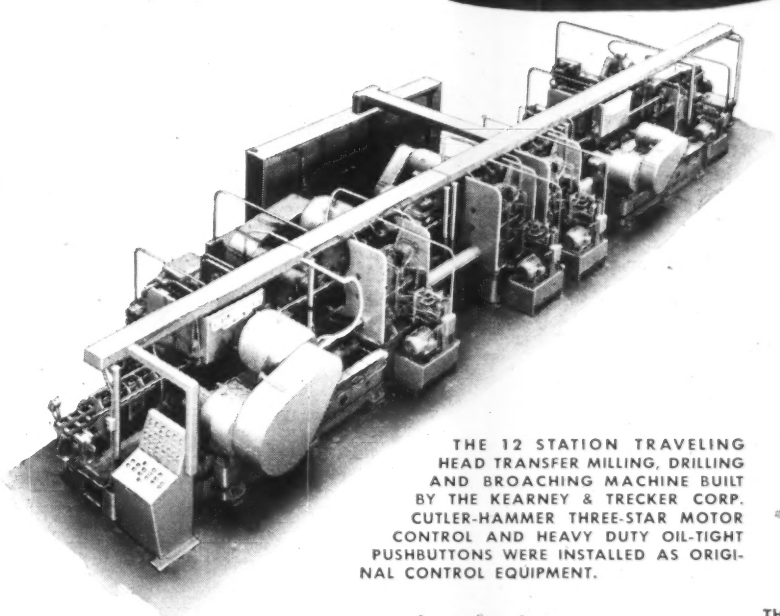
BUSINESS FAILURES *include those businesses that ceased operations following assignment or bankruptcy; ceased with loss to creditors after such actions as execution, foreclosure, or attachment; voluntarily withdrew leaving unpaid obligations; were involved in court actions such as receivership, reorganization, or arrangement; or voluntarily compromised with creditors out of court.*

CURRENT LIABILITIES, *as used in The Failure Record, have a special meaning; they include all accounts and notes payable and all obligations, whether in secured form or not, known to be held by banks, officers, affiliated companies, supplying companies, or the Government. They do not include long-term, publicly held obligations. Offsetting assets are not taken into account.*

Choice of the Leaders

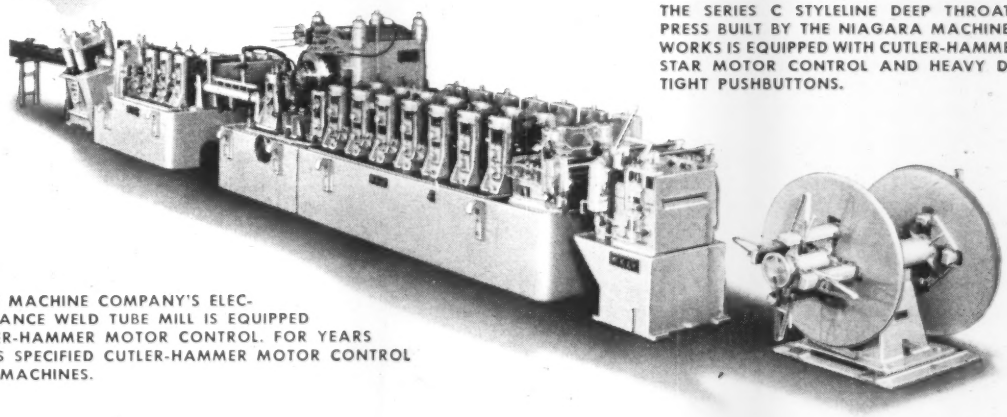
CUTLER-HAMMER
MOTOR CONTROL
C-H

The Mark of Better Machines



THE 12 STATION TRAVELING HEAD TRANSFER MILLING, DRILLING AND BROACHING MACHINE BUILT BY THE KEARNEY & TRECKER CORP. CUTLER-HAMMER THREE-STAR MOTOR CONTROL AND HEAVY DUTY OIL-TIGHT PUSHBUTTONS WERE INSTALLED AS ORIGINAL CONTROL EQUIPMENT.

THE SERIES C STYLELINE DEEP THROAT POWER PRESS BUILT BY THE NIAGARA MACHINE & TOOL WORKS IS EQUIPPED WITH CUTLER-HAMMER THREE-STAR MOTOR CONTROL AND HEAVY DUTY OIL-TIGHT PUSHBUTTONS.



THE McKAY MACHINE COMPANY'S ELECTRIC RESISTANCE WELD TUBE MILL IS EQUIPPED WITH CUTLER-HAMMER MOTOR CONTROL. FOR YEARS McKAY HAS SPECIFIED CUTLER-HAMMER MOTOR CONTROL FOR THEIR MACHINES.

Let the Stars be Your Guide

Whether or not a new machine can do a needed job is not difficult to determine. But the big question to be answered *before* purchase is always, "Will it do the job day after day for years without trouble and delays?"

Experienced buyers are not concerned by this question which time must answer. They know there are reliable guides to dependable machine performance and they base their judgment on these when making selections. One such guide which is widely used is Cutler-Hammer Three-Star Motor Control.

Cutler-Hammer Three-Star Motor Control does more than assure the buyer the electrical equipment is completely dependable. It shows the standard to which the machine was designed and built. It has long been the choice of the leaders and the mark of better machines. CUTLER-HAMMER, Inc., 1436 St. Paul Avenue, Milwaukee 1, Wisconsin. *Associate:* Canadian Cutler-Hammer, Ltd., Toronto.

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- **General Mills**
- **Lumbermens Mutual Casualty Company**
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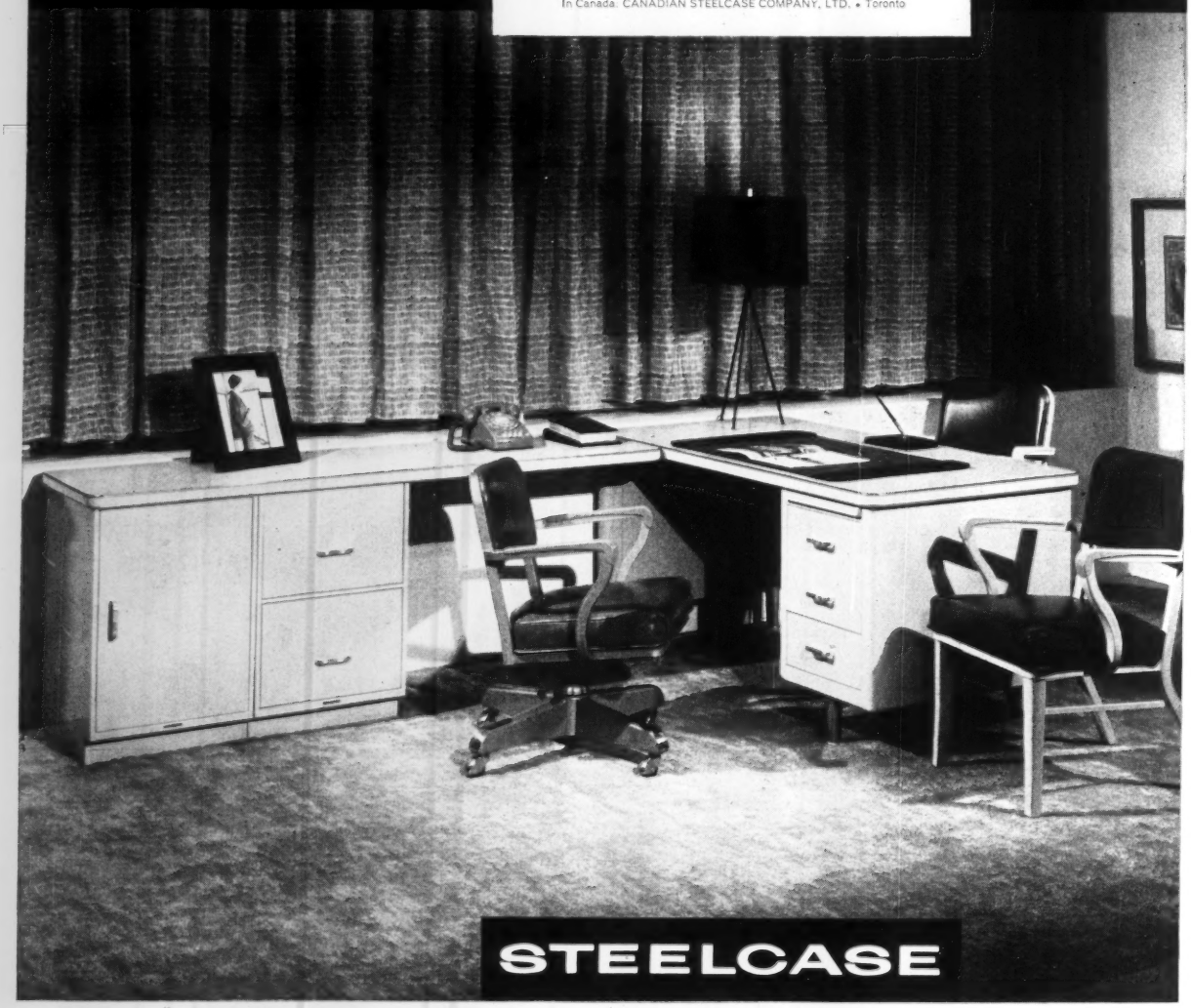


STEELCASE

REPORT NO. 1 OF

The Presidents' Panel

110 LEADERS OF INDUSTRY LOOK AT THEIR JOBS—AND THE FUTURE

KENNETH HENRY, *Executive Methods Editor*

How America's key industrial leaders view the future of their companies and the economy is more than news—in a sense, it's a practical design of things to come. For the dollars, energy, and faith these men invest in their planning today will profoundly affect the shape of tomorrow. How company presidents look at the future, what problems worry them most, what philosophies sustain them in times of crisis—these are some of the things 110 top corporation presidents reveal in this inside story of success. First in a new series of bimonthly features designed as a sounding-board for top management's thinking on important problems and issues, this report offers a self-portrait of the American chief executive in the year 1957.

WHERE IS American industry headed in the coming decade? Ask any economist and more likely than not you'll get a gratifying answer. An astute politician will be quick to predict unparalleled prosperity for all, and on a clear day any advertising man worth his salt can see ahead to an era of universal leisure, with two helicopters on every roof and the entire population enthusiastically engaged in an uninterrupted orgy of consumption.

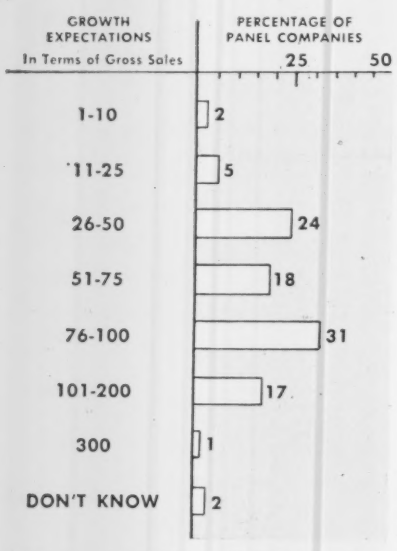
All this economic optimism is heartening to business men—but the fact is that most of it has come from observers, amateur and professional, who in the last analysis don't have to make their rosy predictions come true. What about the men who do? How do the men who actually control American industry from day to day—whose decisions largely shape the economic future—regard the prospects for their own companies and the national economy? For a reliable first-hand answer, DR&MI queried in confidence 110 presidents of key U.S. companies with assets totaling over $27 billion.

The result: An overwhelming vote of confidence in the future of the economy as a whole and in the growth prospects for their own companies. Almost to a man, these 110 chief executives predicted record-breaking growth in company sales over the coming ten years. Most often the figure given was between 175 and 200 per cent of current sales levels. One president foresees his company tripling its current sales by 1967. None

expects to lose ground, and one of the two least positive replies ("I cannot yet see ten years ahead" and "I cannot guess the future") came from the head of a company whose sales have increased almost 17-fold in the past 16 years.

Not one of the presidents queried fears a major recession this year, and three out of four feel confident that no important economic setbacks will occur in the coming decade. Only a dozen see any likelihood of a major recession or depression during the next ten years, and seven of these twelve rule out this possibility until some time after 1960. One thinks he sees trouble ahead "in the form of inflation—*not* deflation."

HOW MUCH WILL PANEL COMPANIES GROW BETWEEN NOW AND 1967?



The presidents' economic optimism, surprising in its strength and comparative unanimity, is based very largely on confidence that no big shooting war will start between now and 1967. Close to three-fourths of the chief executives predicted flatly that no major war would break out during this period—unless, in one man's words, "the U.S. is sleeping." A few of the presidents hedged on this question, some declined to answer, and one in twenty said he feared that a war would come or was "quite possible." A total of three men expect both a war and a depression. But the views add up to a powerful consensus that U.S. business can expect to thrive undisturbed during a decade of peace.

What are the men like who will guide their companies into this bright future, in a world of increasing political and technological complexity?

The typical member of DR&MI's Presidents' Panel is 55 years old. He has been with his present company about 25 years and reached the top a scant seven years ago. Although he may have held executive jobs in one or two other organizations, the chances are he first attained executive rank in his present company. Five to one, he's a college graduate or has had some college training. Outside of his own company and its affiliates or subsidiaries, he probably holds few if any directorships. He guides company policy and delegates the responsibility for implementing it through nine or ten subordinates who report directly to him. He works from 51 to 53 hours a week. His biggest worries, on duty and off, can be summed up in two words: people and profits.

But this composite statistical profile of the chief executive masks the wide variety of characteristics that identify him as a man diverse, intricate, and unique.

If he directs a company owned or controlled by his family, the typical Panel president reached the top about ten years earlier than his Panel colleagues. If he is one of a small, 6 per cent minority, he was brought in from outside to become president of his present company. But a significant one-fifth of the Panel are men who put in 30 years or more of hard work with their present companies before they reached the top—a record that seems to be increasingly characteristic of top executive careers. Since 1900, the sociologist Mabel Newcomer has reported, the number of executives reaching the top after long service has been increasing. From 4 per cent at the turn of the century, it rose to 10 per cent in 1925, and seven years ago, at the mid-century mark, to 18.5 per cent.

Today, the president's own company is likely to be the high road of executive success. But he reaches his destination by many routes. The most heavily traveled single pathway toward the presidential destination is sales; long and varied service in diverse management areas an almost equally traveled alternate route. To-

AMONG THE PANEL MEMBERS are these company presidents. Photographs of the other participants will appear in subsequent Panel reports during the coming year. For a complete list of panelists, turn to page 94.

Thomas J. Watson, Jr.
International Business Machines Corporation

O. Parker McComas
Philip Morris Inc.

John A. Hill
Air Reduction Co., Inc.

R. L. Gray
Armco Steel Corporation

I. W. Wilson
Aluminum Company of America

John S. Coleman
Burroughs Corporation

Kempton Dunn
American Brake Shoe Co.

W. J. Tuohy
The Chesapeake and Ohio Railway Co.

G. S. Tompkins
American Viscose Corporation

R. G. Lucks
California Packing Corporation

Charles H. Percy
Bell & Howell Co.

Harmon S. Eberhard
Caterpillar Tractor Co.

George H. Coppers
National Biscuit Co.

James F. Thornton
The Lummus Co.

Robert W. Galvin
Motorola, Inc.

Roy W. Moore
Canada Dry Ginger Ale, Inc.

Herbert C. Buetow
Minnesota Mining & Manufacturing Co.

James F. Clark
ACF Industries, Inc.

Martin M. Reed
Mergenthaler Linotype Co.

F. W. Specht
Armour and Co.

H. W. Comfort
The Borden Co.

R. S. Ingersoll
Borg-Warner Corporation

Sylvan Geismar
The Manhattan Shirt Co.

L. A. Petersen
Otis Elevator Co.

Paul S. Gerot
Pillsbury Mills, Inc.

William J. Clapp
Florida Power Corporation

gether, these two avenues of progress were followed by more than half the presidents—again, a pattern already noted by researchers in the field. An additional third of the DR&MI Panel presidents reached the top through finance or production, and a few came up primarily through legal or engineering avenues.

The growing concentration of business experience in sales—or, alternatively, executive rotation through a series of diversified areas of control—goes hand in hand with the increasing professionalization of management. Men with varied or predominantly sales experience have learned to achieve results through people rather than through their own specialized personal skills or knowledge. Often today's chief corporate executive has at some time understudied every key role in the company he now directs.

Where They Started Out

Although the main routes to the top corporate post may be mapped in a meaningful pattern, the Panel presidents' first full-time jobs vary far too widely to indicate any typical starting-point in the race for corporate leadership. Law and engineering jobs appear to be the most common first employment, but eight in every ten Panel presidents started out in other jobs, as diverse as laborer in a steel mill, hourly worker in a copper wire mill, machine tender, "active member of the New York Stock Exchange," "stock exchange firm cable clerk," and "country store and post office." Despite the increasing professionalization of management, it seems, the legendary Horatio Alger hero of humble beginnings may still play a part in the American success story.

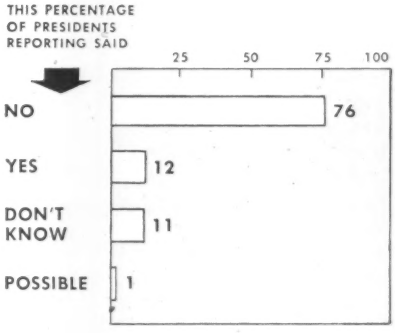
But the Alger hero is being increasingly displaced—and in more ways than one. Today's business leader is a man with far more education than his predecessor of previous generations, and much more highly educated than the general population. More than three-fourths of the DR&MI Panel presidents completed college—many, principally in law, with advanced degrees. Almost an additional tenth of the presidents had some college training. This pattern bears out the findings of two University of Chicago scientists, W. Lloyd Warner and James C. Abegglen, who found that between 1928 and 1952 the proportion of business leaders with college degrees had risen from 32 per cent to 57 per cent. "Education," they concluded rather sweepingly, "has become the royal road to positions of power and prestige in American business and industry."

But the executive without college education, while possibly slowed down or partially handicapped in his rise to the top, is by no means prevented from reaching it. Ten per cent of the Panel presidents completed high school only, and a few dropped out of high school between the ages of 14 and 16. A few others went on to business school. It is interesting to note that two of the presidents who left high school before graduating feel that lack of further education has made it harder for them to get and keep the top company job. Yet even one president with an AB degree regards his chief personal handicap as "lack of education, that is, graduate work in business administration."

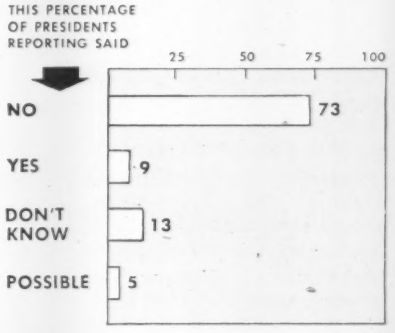
Career histories aside, how do these presidents handle their jobs today? What are their main problems and ways of dealing with them? How

IN THE NEXT TEN YEARS...

WILL WE HAVE A DEPRESSION?



WILL WE BE INVOLVED IN A MAJOR WAR?



THE PANEL COMPANIES: *A PROFILE*

Who they are, what they do, where they do it

—their size, age, and stature

Almost the entire life history of the United States is spanned by the 110 Panel companies. The oldest was founded a dozen years before musket shots at Lexington set off the Revolutionary War, and the youngest was organized a year after nuclear fission over Hiroshima ended World War II. Somewhat more than half the companies were started back in the 1800's. Most of the others, which got under way after 1900, owe their existence to the great technological developments of this century—from aircraft, automobiles, and radio to plastics, transistors, and nucleonics.

Collectively, Panel companies account for a total payroll of more than 1.7 million employees. Nearly half have more than 10,000 employees apiece; another fifth, more than 5,000; fewer than 5 per cent, under 1,000. None has fewer than 300 on its payroll. These concerns own $27 billion in total assets, have a net worth of nearly $15 billion, and enjoy annual net sales well in excess of $32 billion.

They manufacture a variety of industrial and consumer products—from shirts to steel, from electric shavers to electronic data processing equipment—in 1,773 plants across the country. More than 44 per cent of the group have anywhere from six to 50 plants apiece; over 9 per cent, 51 plants or more. Panel companies comprise a cross-section of all major segments of American industry; a few represent transportation, insurance, electric power, and national wholesale trade.

do they see themselves as men and as top executives?

In his office, a nerve center of communications and control, a president must regularly deal with certain key executives. On the average, between nine and ten individuals directly report to the Panel presidents. Fewer than one-third of the Panel presidents have more than ten people accountable to them directly, but the range goes all the way from one subordinate to 30.

In theory, a group of three to eight subordinates is often considered the most desirable span of control. Recent surveys have suggested, however, that span of control tends to increase with company size. Since the great majority of the companies directed by DR&MI Panel presidents are among the 400 biggest American corporations, their relatively large average span of control bears out this trend. One Panel president with a span of control of twenty subordinates, for example, requires thirteen for domestic operations and an additional seven for foreign activities. Often, no doubt, the span of control may look bigger on the organization chart than it really is in practical day-to-day operations.

Whatever his span of control, there never seem to be quite enough hours in the president's week for him to keep on top of his unending responsibilities. The typical Panel president works hard and long. He averages between ten and 12½ hours of overtime a week, though his workweek may run as long as 80 hours. Yet, as a rule, he doesn't think of himself as overworked. One president said frankly that he is "just not properly organized." Another man simply observed, "Being president is a 24-hour job."

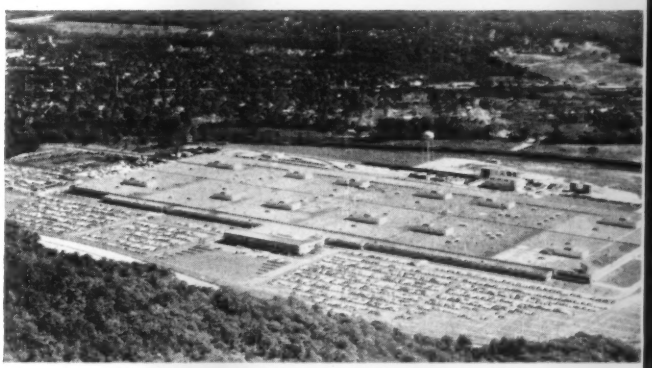
Few of the presidents who named a specific number of weekly working hours (at their desks and at home) would disagree with that. Nor would many dispute the view of another president who declined to be pinned down to naming any specific number of hours worked a week because he felt a realistic answer was impossible. "To insert a figure," he wrote, "would mean that your work is measured by actual hours in working at something or working with people. How can one possibly identify the half-hour stroll, an hour working in the garden, or a few hours on the beach with the mind actively at work on company problems? Some of the most productive and important thinking and decisions result from such periods." Like 90 per cent of the other Panel members, however, this president doesn't consider himself overworked.

Why Presidents Get Gray

Collectively, the 110 presidents on the Panel put in well over 5,000 hours of official duty a week. What do they worry about most during these hours of intense pressure, as well as in the quieter, off-duty hours —alone in front of their shaving mirrors in the morning, commuting, or lying awake at night?

Most often—three times in ten—the answer is a simple one: people. Panel members worry about the people they have and the people they need. They worry about "getting the right man, properly trained and qualified for leadership, in the right place." They worry a good deal about the kind of men who will succeed them and run the company when they retire. One man stated his most worrisome problem this way: "To get young people to have the same enthusiasm and to work as hard as they did years ago so that they may qualify to advance and take over key positions." Another worries chiefly about the "tendency of management personnel to seek personal aggrandizement and to create and maintain a hierarchy." Still another said his principal personnel worry was "being sure that one or two of my subordinates do not create in their subordinates a feeling of frustration through poor communication." One president sums up the personnel problem this way: "People—their selection, training, development, and stimulation—and finally, their ability to pass this on to others."

continued on page 92



Fifty-year growth: At left, Mrs. Henry Ford drives 1906 model out of Piquette plant; at right, present-day Ford plant at Mahwah, N.J.

WHAT PUTS THEM OUT AHEAD?

Most of today's industrial giants were once small businesses. How did they succeed when so many of their competitors fell by the wayside?

LOUIS A. ALLEN, *Director of Organization Planning, Booz, Allen & Hamilton*

IN A TYPICAL YEAR, well over 300,000 business concerns close their doors for good. Some are sold to larger companies or discontinued because the owner dies or retires. A good many, perhaps the majority, succumb to the forces of competition or the vagaries of the economic climate. On the average, a new enterprise can expect to exist only about eight years before it disappears or loses its identity.

But many companies endure and flourish in spite of competition and adverse economic conditions. Looking at the leaders of industry today, it is difficult to realize that most were once small and many were at one time dominated by larger competitors.

That the road to the top is a rocky one can be seen from a look at the history of the automobile industry. Here is a fiercely competitive field—one in which the stakes are large and the weak are quickly eliminated by the brusque edict of the marketplace.

In 1893, an enterprising inventor named Charles Duryea first drove a horseless carriage about the dirt roads of Reading, Pa. Since that time, more than 2,000 companies have essayed the business of manufacturing and selling automobiles. Of that number only a handful survive. Gone are the Locomobile, the Stevens-Duryea, the Stanley Steamer, and the Welch. Gone too are the Pierce-Arrow, the Peerless, the Franklin, and hundreds more. The leaders of industry today have survived trials that swept the others from the boards, and in so doing have spelled out dramatically the lessons of success.

Consider General Motors. Some 36 years ago, General Motors had suffered a $38 million deficit and was in severe difficulty. Today it is the largest and most profitable manufacturing enterprise in the world. It has assets of $6 billion and annual sales twice as great. In less than twenty years it has increased its sales volume ten times, steadily swelling its profits. If we probe deep enough, we can identify several factors that underlie the General Motors success story. The significant fact is that these are not peculiar to General Motors. We find a similar pattern if we look at other companies that have survived the perils of time and the marketplace.

Ford Motor Company provides an equally impressive example. Started in 1903 by Henry Ford, with cash in hand of $49,000, the company grew quickly under the single-minded genius of its founder. Yet it had its vicissitudes. In 1909, Henry Ford was ready to sell out for $8 million, but he held on, and his company again became a dominant factor in the industry—holding at one time more than 50 per cent of the market. Then, by 1946, it was $52 million in the red and losing money at the rate of $9 million a month.

Henry Ford II and Ernest R. Breech took over the company and were able to bring it back in one of

the most dramatic recoveries in the history of business enterprise. Efficient, aggressive, and profitable, today it is second in the industry.

In the chemical field, take the case of E. I. du Pont de Nemours & Co. It was founded in 1802 as a small powder mill on the banks of the Brandywine and flourished for 100 years. But in 1902 it entered a time of troubles, and the owners were on the verge of selling to their nearest competitor. With new family management, Du Pont regained its stride and forged to the forefront of the chemical industry and the great enterprises of the world.

On the surface, it would appear that the elements making for long-term business profit differ with the personalities, the markets, and the conditions under which companies operate. On closer examination, several factors are seen to distinguish the companies that succeeded over the long term from their lagging competitors.

These factors, which will be discussed in detail, have been identified by a study of 128 companies selected on the basis of long-term profitability and growth. Almost without exception, these companies have successfully surmounted at least one major challenge to their continuity and expansion. Each of the major industrial groups was represented in the study. In such industries as automobiles, chemicals, foods, and oil, the growth history of from three to six of the leaders was compared and evaluated. Histories of five companies that had more than $50 million in sales yet later failed or discontinued operations were also reviewed.

Professional Management

The most important characteristic of the successful company is that it learns to manage itself. The small, young company is virtually never *managed* in the real sense of the term. It is *operated* under the personal leadership of one or a very few people at the top, who exercise highly centralized authority.

For a small company this centralization is both necessary and desirable. A few highly capable individuals can project their skills throughout the organization. Henry Ford, for example, was a mechanical genius who developed a means of putting together standardized parts for an automobile more quickly and economically than had ever been done before. Every Model T and Model A that came off the production line bore the imprint of his personal decisions. Every worker who earned the unheard-of sum of $5 for an eight-hour day benefited from Henry Ford's thinking.

Henry Ford's personal genius made the Ford Motor Company. His engineering skill insured an automobile of mechanical excellence. But since he had less talent for merchandising, Ford eventually fell behind General Motors, which was then surging ahead under the master salesman and promoter, William C. Durant.

The pattern is repeated in General Motors. Under the strong personal leadership of William C. Durant, every move of the company was initiated by its leader. Not surprisingly,

THE PATTERN OF SUCCESS*

Ranking of 50 largest companies— in terms of assets now and in the past

	1955		1929	1909
	*Rank***	*Assets****	*Rank***	*Rank***
Standard Oil Co. (N.J.)	1	7,164.1	2	2
General Motors Corp.	2	6,344.8	3	—
U. S. Steel Corp.	3	3,620.4	1	1
E. I. du Pont de Nemours & Co.	4	3,030.2	12	27
Ford Motor Co.	5	2,585.3	6	—
Socony-Mobil Oil Co.	6	2,361.9	7	—
Standard Oil Co. (Indiana)	7	2,332.4	4	—
Gulf Oil Corp.	8	2,160.8	15	—
Texas Co.	9	2,114.6	9	87
Bethlehem Steel Corp.	10	1,998.7	5	31
Standard Oil Co. (California)	11	1,855.6	10	—
General Electric Co.	12	1,727.6	11	16
Sears, Roebuck & Co.	13	1,596.1	29	42
Union Carbide Corp.	14	1,372.0	24	—
Chrysler Corp.	15	1,362.9	45	—
Westinghouse Electric Corp.	16	1,287.7	28	24
Western Electric Co.	17	1,261.2	—	51
Sinclair Oil Corp.	18	1,250.1	16	—
Shell Oil Corp.	19	1,207.0	13	—
Phillips Petroleum Co.	20	1,201.9	68	—
Cities Service Co.	21	1,094.7	—	—
International Harvester Co.	22	1,018.3	17	5
Aluminum Co. of America	23	1,010.5	37	—
Anaconda Co.	24	911.8	8	6
American Tobacco Co.	25	801.7	27	3
Kennecott Copper Corp.	26	793.2	20	—
Goodyear Tire & Rubber Co.	27	785.7	32	—
Republic Steel Corp.	28	764.5	21	28
Montgomery Ward & Co.	29	741.0	51	—
Allied Chemical & Dye Corp.	30	724.7	26	96
International Tel. & Tel. Corp.	31	687.5	—	—
Dow Chemical Co.	32	679.1	—	—
Radio Corp. of America	33	676.5	63	—
Jones & Laughlin Steel Corp.	34	652.8	40	50
Firestone Tire & Rubber Co.	35	635.5	61	—
Int'l Business Machines Corp.	36	629.5	—	—
Olin Mathieson Chemical Co.	37	621.8	—	—
International Paper Co.	38	620.1	25	30
R. J. Reynolds Tobacco Co.	39	611.6	60	—
Atlantic Refining Co.	40	611.5	55	—
Eastman Kodak Co.	41	609.7	59	56
National Steel Corp.	42	591.3	80	—
U. S. Rubber Co.	43	575.9	23	11
Youngstown Sheet & Tube Co.	44	573.5	36	—
Armco Steel Co.	45	563.1	94	—
Monsanto Chemical Co.	46	562.5	—	—
Union Oil Co.	47	546.5	34	—
Swift & Co.	48	542.8	19	14
Sun Oil Co.	49	536.9	—	—
Pittsburgh Plate Glass Co.	50	532.1	96	86

*Source:
1955 figures: "The Fortune Directory of the 500 Largest U.S. Industrial Corporations", *Fortune* supplement, July 1956.
1929 and 1909 figures: Kaplan, A. D. H., *Big Enterprise in a Competitive System*, Washington: The Brookings Institution, pp. 145–46, 149–50.
**By total assets.
***In millions of dollars.

it was strongest in marketing. But when the company outgrew Durant's personal span, it was forced to develop a balanced approach to professional management.

The same pattern is found, to a greater or lesser degree, in virtually every company. Typically, a strong individual with a dream and the energy to make it materialize establishes an enterprise that is a lengthened shadow of himself. As the company grows and profits, its very success carries it beyond the capabilities of any one man.

In some cases, the crisis occurs while the centralized leader is still in command. In other instances, the death of the president accentuates the problem and turns it into a crisis. The solution may be accomplished by means of a planned, and hence smooth, transition. Or it may precipitate a series of jarring administrative moves that shake the company from stem to stern.

What is the nature of the management that emerges? In the continuingly successful company, management is identified as a separate kind of work, made up of distinct skills that can be learned.

Management Skills

Professional management begins with planning. The manager decides where he wants to go. He sets objectives and goals for his own work and that of the people who report to him. He establishes or interprets policies—standing decisions applicable to repetitive problems and conditions. He guides the work of the people reporting to him by developing programs and schedules, so that each subordinate knows what he is expected to accomplish and when. The manager also sets limits—in terms of money, time, and materials—within which his people can make independent decisions. These limits are expressed as budgets for each activity he supervises.

The professional manager organizes. He identifies the work that must be performed to accomplish his goals. He groups this work in logical, related positions and functions so that overlap and duplication are minimized and efficient operation encouraged. Recognizing that a man can perform well only if he knows what work he is accountable for and the standards by which his performance is judged, the manager defines responsibility, authority, and relationships, and makes sure they are understood by all affected.

Motivation is of primary concern to the professional manager. He selects and places the people he wants on the team. He compensates them fairly, knowing that a man paid less than his real worth is never a bargain. He provides every opportunity for his people to participate in the decisions that affect them; and maintains effective communications so they are constantly aware of matters of interest and concern. As part of his work, the manager develops his people by continuing appraisal, counseling, and coaching.

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The professional manager coordinates. He times and unifies the work he supervises so that it proceeds as an integrated part of the total effort. Finally, he controls the work being done under his direction by setting appropriate performance standards, analyzing actual performance and comparing it with these standards, and taking corrective action where indicated.

Analysis of the companies that have been successful over the long run—and of their less successful competitors—indicates that four specific steps in the areas of planning, organization, motivation and control are crucial to growth and profitability.

Setting Objectives

Professional management is *purposeful* management. Its plans are based on clear-cut goals that are laid down in concrete terms to guide the progress of the enterprise as a whole. Subsidiary goals developed for each component of the company are carefully dovetailed.

Unless such goals are established, the company is in danger of wandering off course. It will devote too much effort to investigating side avenues that promise immediate profits and to making tentative forays into a great many fields of endeavor. These may be profitable over the short term. But over the long term, the pattern of success shows that the enterprise that knows where it wants to go is most certain of getting there.

A Case Example

The failure column is top-heavy with names of companies that neglected to develop objectives—and suffered the consequences. Consider, for example, the case of a manufacturer of highly specialized electronic components.

During and immediately after World War II, this company accumulated a healthy cash reserve. With a dwindling military market for its product, the president decided that diversification was in order. He and his staff looked around for some likely acquisitions.

First they found a healthy, profitable, small chain store operation that marketed an assortment of candies and chocolates. The owner had recently died and the heirs wanted to sell. The electronics company bought control.

Air conditioning was getting considerable attention at the time. The electronics company found a small plastics firm engaged in producing framing parts for air-conditioning units, and bought effective control of this enterprise. Next on the acquisition list came a company manufacturing radiator grills and decorative trim for automobiles.

At this point the available funds were exhausted. The company settled down to digesting and integrating its acquisitions—but the task proved impossible. At the end of five years, all three of the once-profitable subsidiaries had lost both their market position and their profitability. Finally they had to be sold.

Afterwards, the president sat down with his board of directors to decide on the objectives of the business. They found that their facilities and skills were best suited to the rapidly expanding civilian electronics market. With its course firmly set, the company invested the funds it had salvaged in finding new markets in television, computer, data recording, and other allied fields. Its latest an-

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Companies are finding new ways to keep welcome mats from disappearing as they take a fresh look at . . .

DIRECT SELLING: DOOR OPENER TO NEW MARKETS

THOMAS KENNY, *Marketing Editor*

IN THE QUICKENING competition for the consumer dollar, business is thrusting stores further and further into the spreading suburbs. Selling by phone has buzzers busy across the nation. In big cities, vending machines for milk and other staples are appearing in the halls of large apartment houses. And as a result of this race to get to the consumer first, companies are taking a new look at one of the oldest methods of distribution —door-to-door or direct selling.

It certainly deserves attention, for many companies have been scoring spectacular gains in recent years by emulating the old Yankee peddlers who did so much to bring commercial progress to early America. But even more significant than the robust rises in their sales year-by-year have been the better-than-average profits on sales chalked up by some direct sellers.

While retail trade rose only 30 per cent from 1948 to 1954, direct selling increased fourfold. The latest U.S. Department of Commerce Census of Business (1954) placed the total for house-to-house sales at $2.3 billion. And this does not include canvassing in the home by retailers—probably the fastest growing segment of the direct-selling industry. The National Better Business Bureau estimates that direct selling now accounts for about $7 billion each year.

Selling in the home falls into three categories:

- *Straight house-to-house selling* by manufacturers or distributors, either through their own field sales forces or through independent agents.
- *Consumer route selling* by the milkman, the breadman, and others —such as Jewel Tea Co., which brings a store to the door of the housewife.
- *In-the-home selling by retailers,* being used by department stores, appliance dealers, home furnishing stores, and even gasoline station operators.

The Texas Company reports that hundreds of Texaco dealers across the nation are setting out regularly to ring doorbells and sell consumers their stations' services. For the coming Fall, the company is planning a full-scale program, including films and meetings with dealers, to encourage the wider use of what it calls "neighborhood solicitation."

The Norge Division of Borg-Warner Corporation is encouraging retail dealers who handle its dryers to get out of their stores and scout around for prospects, who can be easily identified by the clothesline in the yard.

To spur sales, automobile dealers are relying increasingly on the strategy of taking the new model to the customer rather than waiting for him to stroll into the showroom. Salesmen for Mercury dealers, for instance, compile lists of owners of competitors' cars and drive out to their homes for demonstration rides.

A nation-wide survey last month by the trade paper *Home Furnishings Daily* reveals that an increasing number of home furnishing stores are turning to in-the-home selling.

Instead of going out on cold calls, retailers usually pick up leads for their home calls from referrals, inquiries about advertised items, phone calls to engaged couples, tips from repair men, and other devices. Many merchants note that prospects are more relaxed and receptive in the home and less edgy about price discounts.

Some of the largest retailers are joining the bell-ringing brigade. Sears, Roebuck was among the first to follow the new suburban markets by opening stores in outlying locations. The company later supplemented these locations with catalog-sales offices to reach small-town customers. While Sears long has had salesmen who demonstrate and sell in the home, more recently the company has hired additional employees to follow up the home leads supplied by customers in the store.

Retailers' associations, which once bristled at the mention of door-to-door salesmen, now offer little opposition. Our survey of about a dozen

such groups turned up only one still opposed to direct selling. Others are happy to provide names of their own retailer members who have joined the erstwhile "enemy."

Even banks have salesmen out ringing doorbells. The third largest bank in Wichita, Kans., has organized an eleven-man house-to-house team. Says the bank's president, "We have goods and services to sell. We either let our goods stand on the shelves and wait for people to come in, or go out and try to bring them in. The first is called 'merchandising,' the other 'salesmanship.' We think it is time to sell."

Purely in terms of distribution costs, door-to-door selling has little advantage to offer over selling through established retailers. Salesmen's commissions are close to usual retail mark-ups, while the extra costs of sales training, recruitment, sales aids, record keeping, and so on can add substantially to the cost of direct selling.

However, in recent years a great many companies with certain types of products or services to sell have found many distinct advantages in going directly to the consumer.

For example, the Electrolux Corporation for many years has held the lead in the hotly competitive vacuum cleaner race—even against such giants as General Electric and Westinghouse. Electrolux offers a top-quality product, demonstrates it with eye-opening eclat, and stands ready to give quick in-the-home service.

These and other methods have enabled the company, which sells only door-to-door to beat out discounters. Price concessions are not part of the salesman's selling kit. The company boasts that its cleaner is never sold below list—even for quantity orders from large industrial users.

Electrolux keeps its many salesmen in quick-selling trim with contests, bonuses, sales aids, and other standard measures. But most important is the strict company policy of paying salesmen the full commission (35 per cent) in all instances. There are no house accounts. When an Electrolux was awarded to a lucky ticket holder at a press conference recently, this transaction was treated just like any other. A salesman delivered the machine—complete with demonstration—to the winner, and received his regular commission for his trouble.

Such an undeviating commission policy helps to account for the impressive incomes of most Electrolux salesmen. One leading bellringer recently sold 300 vacuums in one month, thus earning $9,000 for the period. Total yearly incomes of $10,000 to $25,000 are not uncommon, and some go much higher.

To reap the full benefits of direct selling, a company must get its sales force functioning smoothly, with turnover cut to a minimum. For as salesmen become more skilful, they earn more money for both themselves and the company. And the extra income for the company requires little extra spending to bring it in.

The new catalog of the Fuller Brush Company shows a diversified line including cosmetics, vitamins, detergents, paint sprays, and even brushes. To avoid cold calls the salesman hires a delivery boy to present the housewife with a catalog a few days before he comes. This timesaver enables the salesman to make as many as 50 calls a day.

Companies use various approaches to the problem of building stability into the sales force. Fuller Brush Co., for instance, interviews wives of sales candidates in order to reduce the number of early quits by beginning salesmen whose wives have a low opinion of the field.

In addition, Fuller Brush has its own Big Brother plan by which newcomers are taken under the wing of experienced salesmen, who lead them through the first few discouraging weeks. After the trying period is over, fledgling Fuller men are encouraged to stay on their appointed rounds by deferred bonus arrangements and a pension plan, one of the few in the entire direct selling industry.

Success Stories

Direct selling does pay off for many companies. Obviously, not all of the estimated 3,000 direct-selling companies have hit upon a bonanza. Some, particularly those selling apparel, lost their own shirts more often than they succeeded in persuading householders to buy clothing across the threshold.

But for a lot of companies the sales are there waiting for the direct salesman to get out and make them. For instance, the nursery business has shot up fourfold in the past dozen years as the shift to the suburbs has turned potato fields into commuters' lawns. During the same period the sales of the C. W. Stuart Co. of Newark, N. Y., a direct-selling nursery stock company, have zoomed by 1,400 per cent. This 105-year-old company, which has always sold door-to-door, reports that for every four cold calls in the morning, a salesman gets an evening appointment with both husband and wife to discuss buying shrubs and the like. And 87 per cent of the evening calls result in sales—sales that can run into hundreds of dollars. Here was a new postwar market waiting to be tapped—but most operators of nurseries sat back and waited for the new homeowners to come to their outdoor stores.

There are many other examples of strong, steady growth among direct selling companies. Mytinger and Casselberry Inc., Long Beach, Calif., markets a vitamin preparation through 50,000 door-to-door salespeople (both full- and part-time). Sales have grown from $8.9 million

in 1950 to $26.5 million last year, and another healthy rise seems certain for 1957.

Tupperware Home Parties Inc., of Orlando, Fla., which sells plastic dishes and utensils through several thousand in-the-home salespeople, has seen its sales grow from less than $1 million in 1951 to a level estimated by some to be as high as $100 million. Emmons Jewelers, Inc. has gone from $1 million to $5 million in the past seven years by the door-to-door route, while an older corporation, the Fuller Brush Company, at about the $100 million level, has more than doubled its sales since 1948.

Avon Products, Inc., which pioneered the selling of cosmetics to the housewife in her lair, now sells about $85 million and is still enjoying yearly increases of about 20 per cent in volume.

Jobs Go Begging

However, it isn't all beer and skittles for the successful direct-selling companies. They face many troublesome problems—high turnover, shortage of selling help, the threat of restrictive legislation, and a generally unsatisfactory level of public esteem.

The turnover is so high in the field that even at such a prestige company as Fuller Brush about 15,000 new salesmen are signed up yearly to maintain the force of 7,000. Many companies offer bonuses and other inducements to salesmen for producing new recruits. Mytinger and Casselberry, Inc. pays an added commission on a newcomer's sales to the salesman who recruited him, thus giving the recruiter an added incentive for keeping the tyro in the selling ranks.

Perhaps as a reflection of the need to convince salespeople of the benefits to be derived from sticking with the company, sales meetings frequently take on a pronounced evangelical flavor. Incidentally, among the distinguished alumni of direct selling is Billy Graham, a one-time Fuller Brush salesman.

Some companies get into serious difficulties by going too far in appeasing their salesmen. For example, a well-known manufacturer is in serious financial straits because of an overloaded inventory of repossessed appliances and a shrunken market. Salesmen were encouraged to push through as many instalment sales as possible, and as an inducement were paid the full commission as soon as the order was received. In all too many instances, cleaners were sold to people with scant means or intention to keep up with the payments.

Like hundreds of others across the nation, Texaco dealer Larry Ladig of Willoughby, Ohio, is out ringing neighborhood doorbells to sell prospects on the merits of his service station.

Another handicap for direct selling companies is their involvement from time to time with the Federal Trade Commission. Since the salesmen are not under such tight control as those selling to business and industry, and since their pay is almost always entirely commission, they sometimes step over the brink of exaggeration into downright misrepresentation.

For instance, the FTC recently called to account a manufacturer of home fire extinguishers. According to the complaint, his door-to-door salesmen misrepresented themselves in order to get into homes to give "fire prevention advice," used scare tactics in selling, misrepresented the price of the alarm system, and talked customers into signing blank promissory notes.

However, as the National Better Business Bureau points out, complaints against door-to-door companies are not serious enough to cast a shadow across the entire industry. The BBB reports that of all the complaints it receives, only about 1.5 per cent involve direct selling.

So persuasive are many veteran door-to-door salesmen that retail stores sometimes make a special ef-

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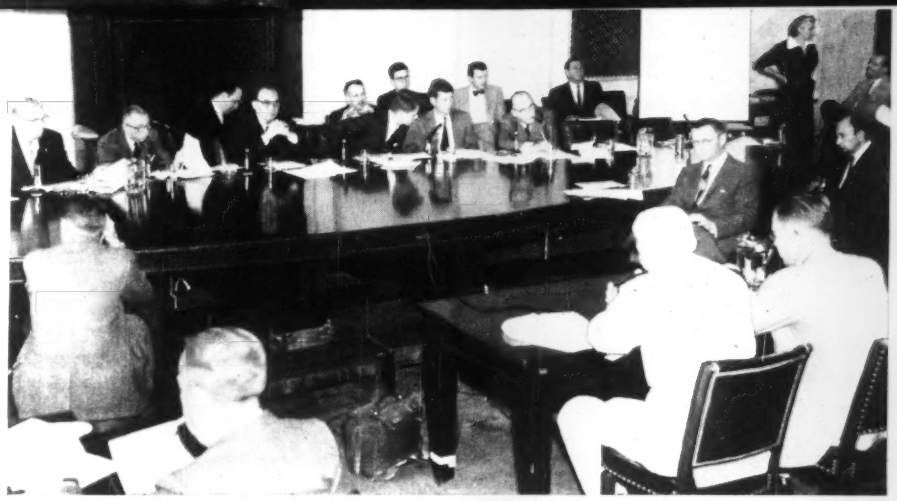
IS YOUR PRODUCT SUITABLE FOR DOOR-TO-DOOR SELLING?

Here's a checklist of the features a product generally needs to succeed in this market:

- ☐ It should have a high gross margin to cover selling costs.
- ☐ It should be an exclusive or unusual item, not easily comparable in price with retail store items.
- ☐ It should be portable.
- ☐ It should be easily demonstrated.
- ☐ It should offer an opportunity for repeat sales.

Of course, many of the most successful products don't have all of these features, but most should be present for best results.



United Press Photo

He may be there in spirit, but too often the management man whose company has been directly involved won't come in person to testify on labor matters. According to Counsel Robert Kennedy, the McClellan Committee has received little help from individual business men.

WANTED: MORE BUSINESS BACKBONE IN LABOR RELATIONS

HORACE E. SHELDON, *Director,*
Industrial Relations Department,
Commerce and Industry Association of New York, Inc.

Intimidation or coercive tactics on the part of some unions may make business men boil in private, but when called upon to take a public stand most of them discreetly decline. "Don't stick your neck out" seems like safe advice—but it can lead to unfortunate results.

"WHAT WE NEED is more calcium and less egg noodles in the business spine when it comes to labor matters," a major corporation vice president recently remarked in a private discussion.

Long before the McClellan investigation, the evidence was pretty persuasive that large segments of American business had fallen victim to a galloping epidemic of weak knees and spongy spines in their dealings with unions. The specific symptoms vary from case to case, but there is one basic characteristic of the disease: a scare psychology induced by the specter of union power.

Afflicted employers dare not speak their minds or assert their rights. Wherever an employer shies away from taking a public stand on a labor question or pursuing a legitimate objective in negotiations for fear of displeasing his union's officialdom, he has contracted the malady.

Two disturbing implications of this employer tendency to roll over and play dead in the union relations arena are:

1. It severely hampers efforts to do anything legislatively about secondary boycotts, organizational picketing, featherbedding, and other union abuses.

2. It fosters the erosion of basic management rights in collective bargaining and contract administration.

This is not an appeal to "get tough" with the unions. It is no exhortation to business to summon up a new bravado to overturn the sound principles of free collective bargaining or do battle with organized labor as it pursues its proper interests. But it is an appeal for more business backbone in labor affairs.

It may appear, superficially, that business conducts a highly aggressive campaign in the labor field. Spokesmen for organized employers do rail against secondary boycotts, union monoply, and the specter of a labor government. Business representatives appear before Congressional committees to fight off proposals for undermining the Taft-Hartley Act. A torrent of literature upholds the employer point of view on labor questions. Ringing speeches are delivered before eagerly agreeing business audiences.

But we must look behind the organized activities of the U.S. Chamber of Commerce, the National Association of Manufacturers, and other employer groups to see how business falls down on the job. We must look to the *individual company* and to the *individual executive* to see what business is holding back.

There is the case of the labor relations vice president of a large company who was made chairman of a

committee charged with formulating the policy of a business association on a major national labor issue. After he had testified at a public hearing (and had taken a very moderate position, incidentally, though it was opposed to the union view of the issue), his presentation was attacked in the newspaper of the principal union with which his company dealt. Shortly thereafter he reluctantly resigned from the committee at a time when its job was only half done and his experience and counsel were much needed.

Reason for his resignation: The chairman of the board of his company had "suggested" he withdraw so as to placate the union.

Avoiding "Controversy"

Very similar is the case of the labor relations executive who had served for two years on the industrial relations committee of his local Chamber of Commerce. Upon his elevation from assistant vice president to vice president, he said he would have to leave the committee. Was his reason new, demanding responsibilities? Lack of time? No. It was the policy of his company that its senior executives not become involved with "controversial" matters.

Then there is the experience of a business organization that tried to get a top management spokesman to appear before the Senate Labor Committee in 1954 to state its views on Taft-Hartley amendments. One executive after another declined. And more than one excused himself with the candid explanation that the Taft-Hartley question was "too hot," that his company had to get along with four or six or twelve unions and it just wouldn't be smart for him to "stick his neck out." Each one wished the business group well in its effort and hoped some other top spokesman would agree to testify. None did.

Isolated cases? Unfortunately not. Their number is legion, as most employer organizations know.

With disturbing frequency the decision is to put a dubious concept of the short-term interest of the company ahead of its obligations to the general business community and to good citizenship. That this hobbles the effective registering of the employer point of view on a lot of things of substantial importance to all business does not seem to occur to those directly responsible.

Employer organizations need grassroots reinforcement from employers themselves. When the individual company voice is stilled, organized management plainly speaks with less authority in the legislative halls and wherever else it seeks a hearing.

"Word Would Get Around"

On occasion, an employer's decision on whether to speak up is painfully deliberate. This was the case last year with a department store manager in a large Midwestern city.

The Teamsters had demanded that Galveston Truck Lines sign a contract, though it was evident the company's drivers did not want the union. The union declined the company suggestion of an NLRB election. When Desmond A. Barry, Galveston president, continued to refuse to force his men into the Teamster fold, the union invoked the "hot cargo" clauses in its contracts with other truckers. Under these clauses it could instruct such firms not to handle any "interline" shipments from Galveston, which it put on its "unfair" list. The other truck lines readily complied.

Since much of Galveston's freight was of this "interline" type, it looked at first as though Barry would have to knuckle under or fold up—although none of his drivers was on strike. On all sides he was told to "give up" and "be realistic." He couldn't buck the Teamsters and get away with it, other truckers said.

In a truly inspired series of tactical and legal moves, Barry was able to force the other lines to take his freight, and the Teamsters were made to call off the boycott. It was Barry's position that common carriers licensed by the Interstate Commerce Commission were obligated to haul all freight, irrespective of the Teamsters' desires.

The issue was argued before an ICC hearing officer at a formal hearing in Oklahoma City last September. The case had excited wide employer interest around the country. A basic principle was at stake. A number of business organizations filed briefs or made appearances in behalf of the Galveston concern.

But back to the department store manager. It was important to Barry's case to show how specific business operations had been impeded by the boycott. It happened that shipment of a sizable part of this particular store's goods was affected by the dispute. This was just the kind of evidence needed at the hearing. So the store manager was asked to cooperate and present testimony.

He was sorry, he said, but he just didn't think it would be wise for him to do so. "You see, we deal with several unions in our store, and this is a union town," he explained. "Word of what I did would get around, and they might make it hard on us."

No Valor in Numbers

The same fear of union reprisal kept a dozen or so small employers in a big Eastern city from appearing before a state legislative committee to tell how union organizational picketing had forced them to sign up with unions their workers did not want. Particularly where their operations were dependent on union-controlled trucking and the drivers would not go through the picket lines, they were effectively shut off from their supplies and their customers and had to capitulate. Their first-hand accounts of how the picketing had operated to deny their employees any voice in the selection of their unions would have dramatized the need for a legislative remedy.

But not one of them would agree to tell his story. The reason? Same old thing. Each employer was anxious to keep the peace with the union. Why "needlessly" risk trouble by publicly recounting his experience to the legislative committee?

Every month, every year, other store managers, industrial relations directors, small employers, and big company presidents take the same easy way out, do the "smart" thing.

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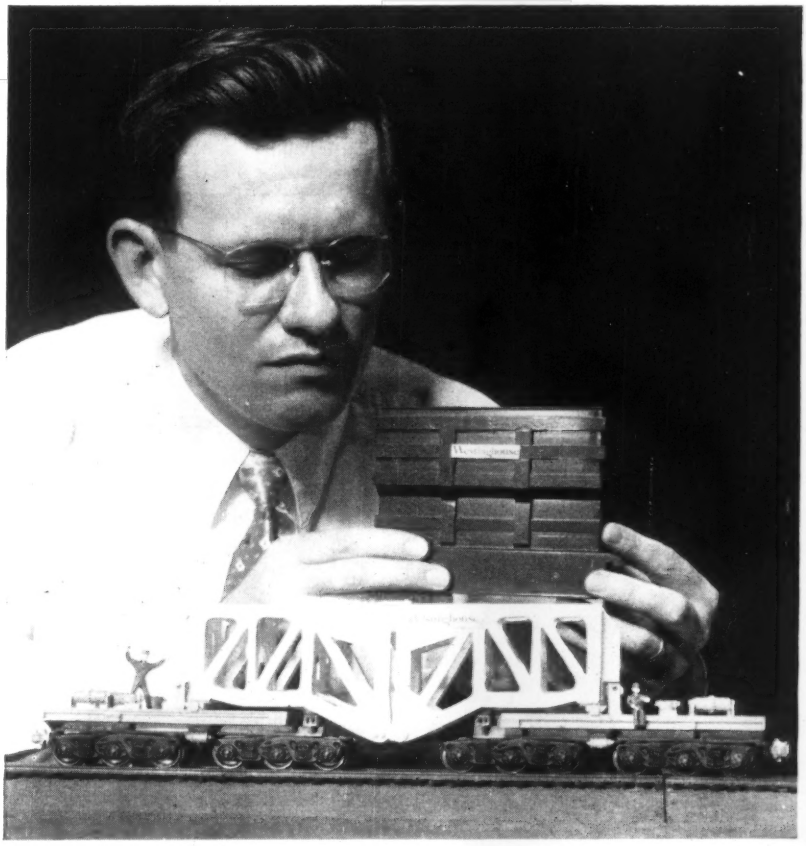
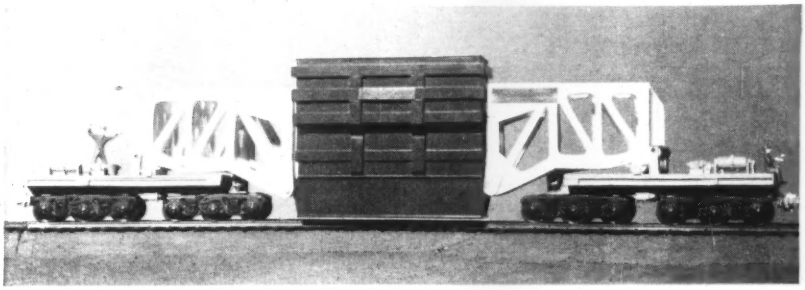
THE AUTHOR • Horace E. Sheldon, now director of the industrial relations department of the Commerce and Industry Association of New York, Inc., has served as labor relations representative for the New York metropolitan milk industry, participating in labor negotiations involving more than 200 employers. He also has been a field agent for the National Labor Relations Board. Mr. Sheldon is a graduate of the College of Engineering of New York University and holds a master's degree from the New York State School of Industrial and Labor Relations at Cornell University.

WHAT IT TAKES TO BREAK A RECORD

ANNESTA R. GARDNER, *Industrial Editor*

New demands are making almost every new product a record-breaker. But record-breaking poses plenty of problems. Here's what to expect; what to do.





Delivering a record-breaking product may be almost as difficult as making it. To ship its big new transformers, Westinghouse devised this unusual railroad car. It's made in two parts, each equipped with a pivoted truss. The transformer is then suspended between them, becoming part of the car itself. In the upper photograph the two sections are joined together, as they are before loading. The lower model shows a transformer en route.

EVERYBODY'S breaking records nowadays.

The demands of the jet age, the atomic age, and just the everyday growth of our economy mean that bigger, tougher, more powerful products must be built by almost every industry.

From textiles to transformers, there is a call for larger size, greater capacity, and higher performance.

But, though the demand for record-breaking products may seem almost commonplace, the problems that result for manufacturers are not.

There is a lot more to building a record-breaker than may meet the eye. Bigger production machines may call for bigger motors and a larger power plant. Then, to handle king-size products, you're likely to need higher-capacity handling equipment. New control equipment and new testing facilities may be required. Even shipping a record-breaking product may call for a brand-new approach.

Building a record-breaker can be good for publicity and good for employee morale (see May 1954, page 35, and June 1956, page 49). It can be a profitable operation. It may even be a necessity for holding old customers and attracting new ones. But the wise manager will want to think twice before accepting a contract for a record-breaker. He'll want to consider *all* the problems before he signs up for a trail-blazing job, and make sure he has enough space—and enough skilled people.

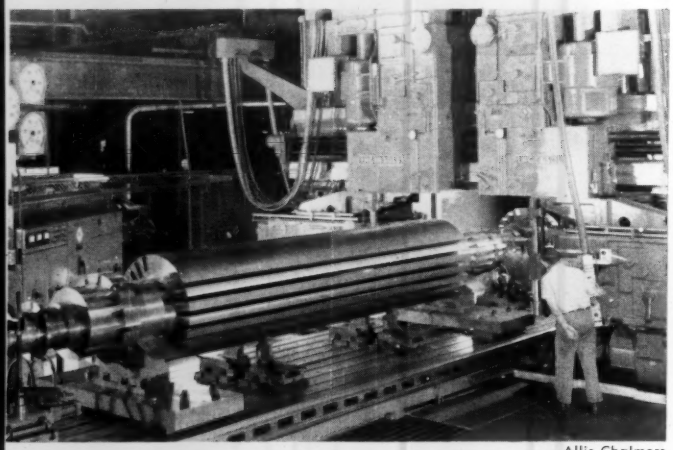
The pictures on this and the following pages show how a dozen companies are meeting their record-breaking problems.

continued on the following page

These are production problems . . . and solutions

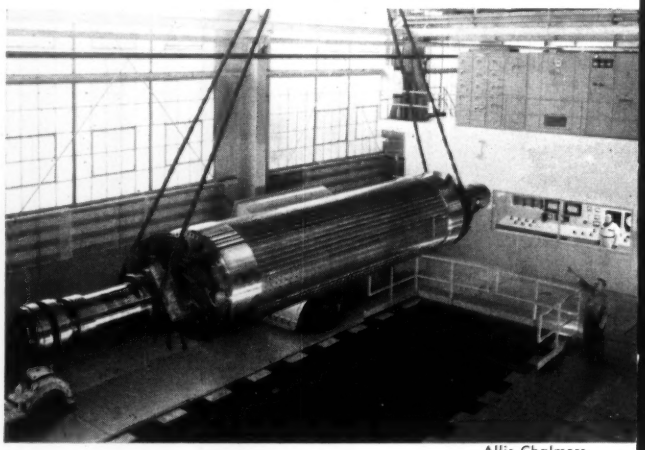
Building a record-breaking product is a lot like coping with an iceberg—there are often many more problems than are apparent at first glance. Making a product bigger than ever before isn't easy. And when that product must also be more reliable, accurate, and durable than ever before, the problems in production, assembly, testing, packaging, and shipping can become king-size.

What to do? The photographs on the opposite page show a number of interesting solutions—but none more important than the one illustrated by the rotor pictured below. Taking advantage of new technological developments to keep big products from growing into unmanageable dinosaurs, Allis-Chalmers notes that this rotor, and its starter, would have had to be significantly larger to meet the 175,000-kw rating if the generator were not designed for supercharged hydrogen cooling.



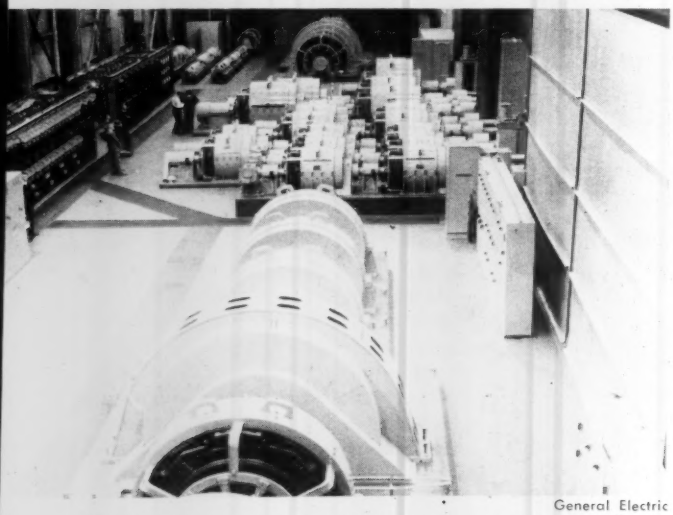
Allis-Chalmers

Big machines are needed to turn out king-size products. This miller, said to be largest of its kind, works on turbine rotor.



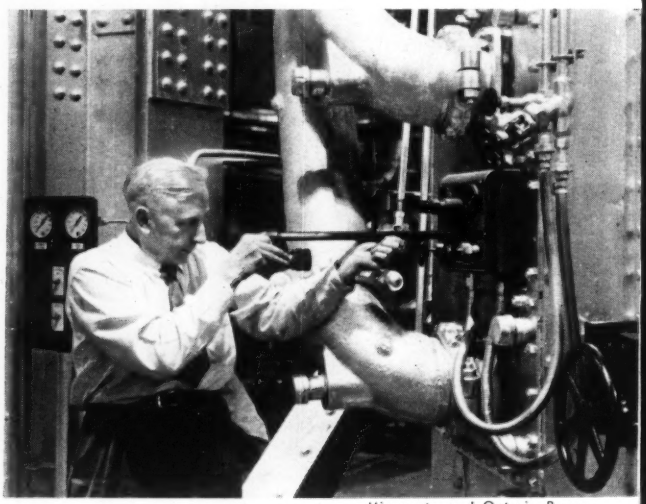
Allis-Chalmers

Special test facilities help put record-breakers through their paces. This one is equipped for precision testing by remote control.



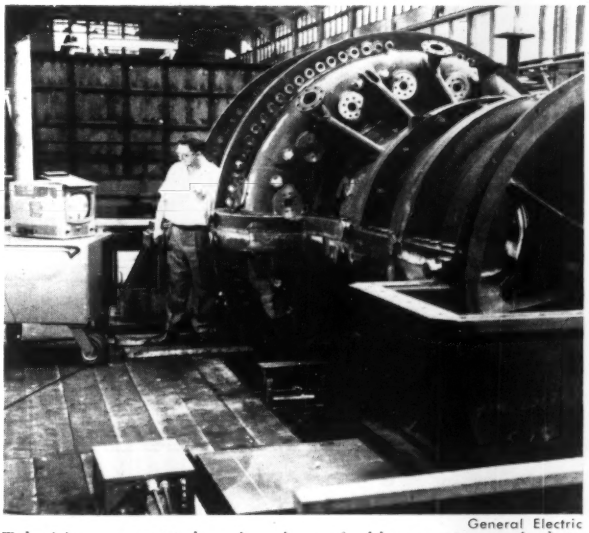
General Electric

More power is required to operate new production machines. These motors run five-stand tandem cold strip mill at Weirton Steel.



Minnesota and Ontario Paper

New boiler plant may be needed to meet production requirements. This one, a record-breaker itself, serves specialty paper mill.

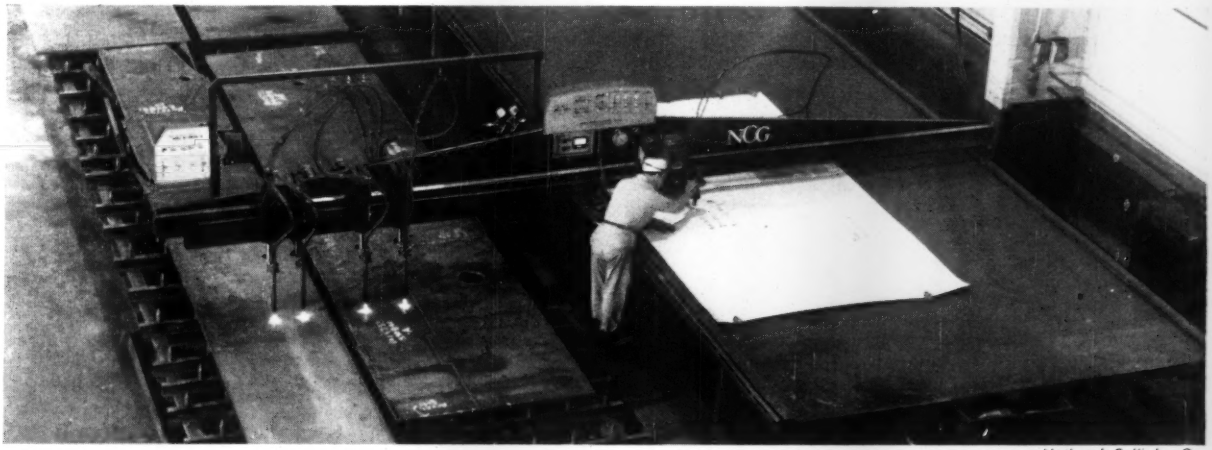


General Electric

Television camera takes the place of old taut-wire method in aligning sections of largest U.S.-made gas turbine generator.

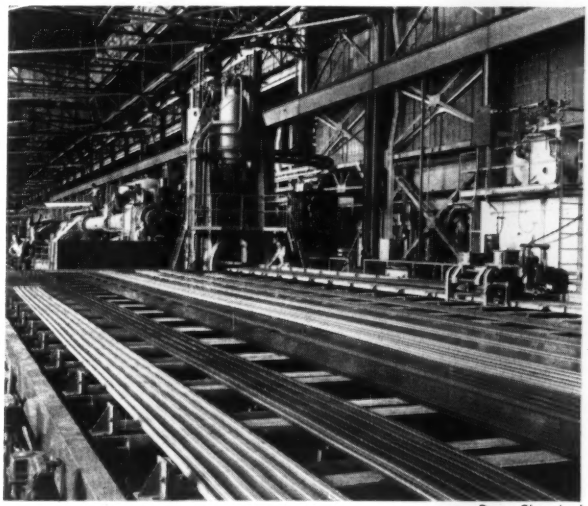
American Chain & Cable

Giant sling, for handling industrial machinery and equipment, becomes standard product as size of units continues to grow.



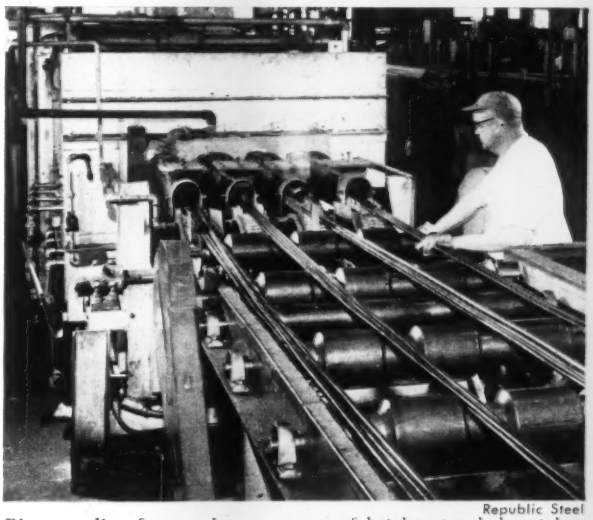
National Cylinder Gas

Shape-cutter, said to be longest ever built, slices steel for sections of huge ladle cranes. Multiple cutting heads help to speed the job. Table is 124 feet long, allowing plenty of room to mount three carriages, set up one job while another is being done.



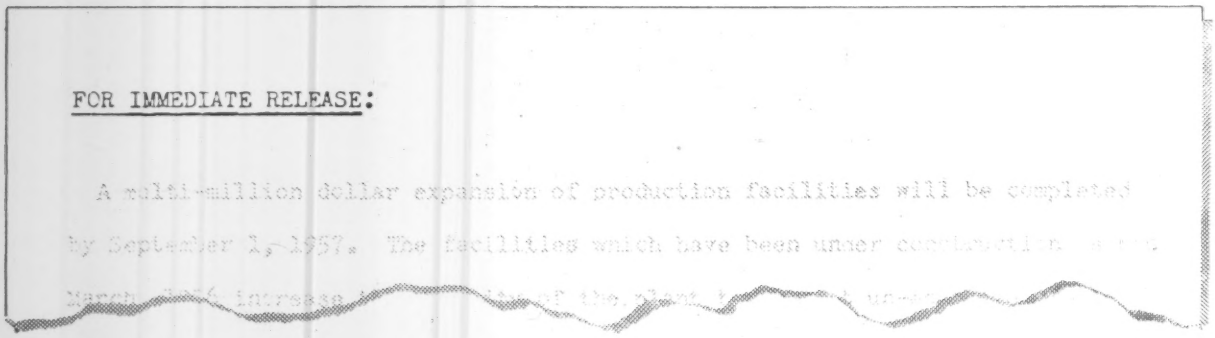
Dow Chemical

Huge extrusion press will turn out large-diameter light metal sections, permits new designs in printing, transportation equipment.



Republic Steel

Big annealing furnace boosts output of bright-annealed stainless tubing, cuts polishing costs by maintaining surface quality.


FOR IMMEDIATE RELEASE:
A multi-million dollar expansion of production facilities will be completed
by September 1, 1957. The facilities which have been under construction at the

HOW NOT TO GET PRODUCT PUBLICITY

You can keep stories about your newsworthy products out of the public prints. But it isn't easy. You must have a planned program to discourage editor interest.

PHILIP W. SIEKMAN, JR.

EACH MORNING as many as 100 product publicity releases arrive in editorial rooms of newspapers, magazines, and radio and television stations.

One thing is obvious after only a quick glance at this mimeographed pile: The art of not getting product publicity has become complicated, subtle, and refined to an amazing degree. Here is a new science with a tremendous number of sincere and dedicated advocates.

Two decades ago, the non-publicity practitioner was a faithful follower of three simple precepts:

1. Release no information.
2. Answer editorial inquiries, but imply the editor's news sense is questionable and do not include product information.
3. Treat all reporters as competitors' employees.

This approach has a major shortcoming: News will out. No matter how diligently you try to prevent it, reporters will exploit the weak spot in your non-publicity curtain. Before you know it, information about your most popular product is available to everybody.

While some practitioners remain, this outdated approach to not getting product publicity has fallen into disfavor. Replacing it is a new science practiced by modern non-publicists who carefully build editorial attitude and manage to achieve their goal by methods completely opposed to the old precepts.

All the modern non-publicity methods are not completely accepted. It is obvious, however, that the basic practices outlined in this article are popular with many publicity men. Given sufficient backing by management in the form of money and manpower, a publicity department that follows all the principles outlined can easily keep its product publicity to a minimum.

Laying the Groundwork

Activity is the key to a successful non-publicity program. A smart non-publicist is impartial about subject matter. To him, a minor change in the method of mounting a handle is as important as a complete new product line.

Keep hitting editors with press releases three pages or more in length. This builds proper editorial attitude toward your material. If he gets five releases a week announcing insignificant modifications in your products, the editor soon will place your communications in the "destroy before reading" file automatically. Some non-publicists have built their reputations on this device. If one of them sent out a release announcing a replacement for the wheel, it would probably go unnoticed.

Careful preparation of the release is also a good way to create the desired attitude toward your announcements. Never prepare more than one version—what is good enough for the local television station is good enough for the technical magazine. Editors have a sharp eye for material of specific interest to their readers, especially such things as a local angle. By writing one release for everybody you can usually manage to conceal such angles from most editors.

One consumer products organization learned about local-angle interest the hard way. When announcing a new product line, the non-publicist inadvertently told where it was to be made. Much to his embarrassment, the newspaper in the plant city used the story with a six-column headline.

How the release is written is all-important. A few simple rules are all that are needed for success:

1. Never name the product in the first paragraph.

continued on page 80

LITTLE
PHOTOGRAPHS MEAN
BIG
SAVINGS

LOOK INTO THE MOST COMPLETE MICROFILM SYSTEM AVAILABLE . . .

FILM-A-RECORD
TRADEMARK

From the thousands of Remington Rand products and systems for the filing, finding, storing, housing, microfilming, protecting, controlling or photocopying of *records*. For the complete FILM-A-RECORD story, write for free booklet to Remington Rand, Room 1703, 315 Fourth Ave., New York 10, New York.

by Remington Rand
DIVISION OF SPERRY RAND CORPORATION

$600-A-Year Man

As a shortstop, he has shortcomings. But as an income tax exemption, he rates the top figure.

Trouble is, that top figure is just $600 a year. If you're a parent, you know how far that goes.

Beneficial knows that any family man may meet times when cash is short. That's why Beneficial is in business . . . to help meet emergency family needs with a small loan service that's sound and straightforward . . . and there when needed.

The Beneficial Finance System helps keep families functioning over the tight spots . . . with always the thought in mind that:

. . . a BENEFICIAL loan is for a beneficial purpose.

Beneficial Finance SYSTEM

Beneficial Finance Co.

Beneficial Building, Wilmington, Del.

MORE THAN 1000 OFFICES IN THE UNITED STATES, CANADA, HAWAII AND ALASKA

continued from page 38

fort to hire them. The Central Market, Schenectady, N. Y., reports good results, for example, in employing older door-to-door salesmen to man its aisles and checkout counters.

The labor shortage for direct selling companies is so severe that when asked about the size of their sales forces most are about as cooperative as a dog with a steak-bone. As a rule, they are afraid that competitors will "pirate" away their bellringers and group managers. They worry much less about the invasion of a market area, however lush, by competitors.

In decades past this habitual reticence was often traceable to the fear of restrictive legislation. The so-called Green River Ordinance, first passed in a small Wyoming town about 25 years ago, made uninvited door-to-door salesmen liable to conviction for a misdemeanor at the first push of a bell. But only a handful of towns have adopted the Green River Ordinance, and wherever it has been put on the ballot the voters have turned thumbs down.

Better Coordination

Whatever the vexations, there are many distinct advantages in direct selling. Manufacturers using this distribution channel say that they are able to achieve better coordination of production, inventory, and sales. They know further in advance the production requirements in the months ahead. Inventory information and sales projections don't have to filter back through dealers, distributors, and others. At Electrolux, top management gets a report every Monday and Wednesday morning on the total sales, by region, for the previous week.

In contrast to manufacturers selling through retailers, the direct-selling company is in much closer touch with the final salespeople of the product. Also, the company knows that at the point of contact its merchandise is going to be pushed—not someone else's. Retail personnel generally haven't the time, inclination, or ability to do this, and indifferent counter clerks have cost manufacturers many lost sales. Direct-selling manufacturers say that this channel is more flexible and allows companies to increase sales efforts quickly as markets shift—which is not always

possible where products must compete on crowded shelves in self-service stores.

Creating Demand

Direct selling is sometimes used as a market lever to gain distribution in regular wholesale and retail channels. The National Association of Direct Selling Companies says: "Many commodities, when first placed on the market, could not be sold through the nation's stores, but direct sellers were able to create demand by calling on the consumer in his home. Such now universally sold commodities as vacuum cleaners, aluminum cookware, sterling and plated tableware, cosmetics, sewing machines, washing machines, encyclopedias, brushes, silk hosiery, plastic dishes, and containers are among these products. Even such common household items as safety razors and the kitchen can-opener failed to move from retail shelves."

Certain products need direct personal demonstration to introduce them to the consumer market. When the bristle comb (a curved hairbrush) was introduced a few decades ago, it languished in retail stores until it was taken on exclusively by Fuller Brush. Then it soon left competing types of hairbrushes far behind. About 80 per cent of all women's hairbrushes sold today are bristle combs—and most of them are bought in retail stores.

A manufacturer of a premium-type can-opener was floundering on the edge of bankruptcy because he could not get distribution for his output through jobbers and retailers. He turned to direct selling and built such a reputation through convincing home demonstration that distribution channels opened up like magic.

Manufacturers selling door-to-door argue that consumer buying is an important form of self-expression and that it is most easily carried out in the reassuring, comfortable atmosphere of the home. They say housewives welcome interruptions in their routine chores and are increasingly willing to listen to a low-pressure sales spiel for products to improve their housekeeping. In a survey by the NADSC of more than 23,000 door-to-door salespeople, 80 per cent said that prospects welcomed them in a friendly way on about three-quarters of their calls.

continued on page 48

Keep hot sales leads HOT!

VERIFAX COPYING LETS YOU RUSH COPIES TO SALESMEN IN NEXT MAIL

Minutes after a sales inquiry (or other item) hits your desk you can have Verifax copies on their way to salesmen, regional managers, key men. (You can make 5 of these photo-exact copies in 1 minute for 2½¢ each.)

This short cut ends delays that lose so many sales. Does away with dictation, typing—gives salesmen a psychological boost. The whole story's there from letterhead to signature. Best of all the leads are "hot"—just watch sales jump!

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ONLY $148 . . . Kodak's new Verifax Signet Copier makes 5 copies in 1 minute for 2½¢ each . . . gives you dry, ready-to-use copies, as accurate and long lasting as the original. It's a *completely different* copier.

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Gentlemen: Please send free copy of Don Herold's new booklet "How I Learned the Verifax of Life." 4-7

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Perhaps you alone can answer that question, because you are alert to the potentials of your management family.

One of the best ways of developing managers equal to the demands of tomorrow is to expose up and coming men to DUN'S REVIEW AND MODERN INDUSTRY. In that way they gain an understanding of the concepts and principles of production, industrial relations, marketing, general management, financial management, office management and the use of general business condition indicators.

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To order simply send the names, addresses, and titles on your company letterhead. We will bill your company.

Circulation Department
DUN'S REVIEW and Modern Industry
99 Church Street, New York City 8

Clearly, this is a market waiting to be tapped. Says Walter Dietz, president of the Electrolux Corporation: "Ninety-five per cent of the people who will be the proud owners of a new Electrolux today had absolutely no idea of buying a vacuum cleaner today when they got up this morning."

It would be difficult to name many consumer products that are not being sold door-to-door at the present time. Bibles, pianos, vitamins, and even animal feed are sold in the home. But the most spectacular change in recent years has been the diversified line which direct sellers are developing. Like the one-stop shopping center, the door-to-door sellers are carrying a broad line to meet specific consumer needs.

Most of the direct-selling companies are not manufacturers, but distributors and others who offer a rich market for the products of many manufacturers. If you would like to take a crack at this market, you can get names and addresses from NADSC, Winona, Minn., and also from the National Association of House-To-House Installment Companies, Inc., 20 East 50th St., New York 22.

The direct-selling companies are paying increasing attention to sales training and are continually adding new techniques to their selling skills. The keynote in many companies has become helpful low-pressure selling. The foot-in-the-door technique literally is going the way of the corner pitchman. Companies train their salesmen to take a step back from the door after buzzing the bell and to wait for the housewife's recognition —which is being facilitated by the use of catalogs and other aids. Companies are making greater use of attractively edited catalogs to save time for the salesman and cram more calls into a day.

The Home Party Technique

To benefit from the economies of group selling, many companies—notably Tupperware, and Stanley Home Products—sell through home parties. For a gift, or sometimes a share of the commission, a housewife is induced to hold a kaffee-klatsch for several of her friends while the salesperson makes a group pitch. Companies discover that sales come more quickly when an undecided prospect is reassured by the example of friends and neighbors making the purchase.

A variation on this technique is the so-called fashion show conducted by the Emmons Jewelry salespeople—who, incidentally, bear the impressive title of "fashion show directors." According to Emmons, it works like this: "The average show is attended by about eleven women. The Fashion Show Director sets up a table on which samples are laid out on an attractive display cloth. She will introduce each set of jewelry, placing some on the cloth and some on the women. After the director has gone through a description of all of the merchandise the guests are invited to come up to the table, take off the jewelry they are wearing, and try on as many of the pieces as they like. It is for this reason that the shows are both enjoyable for the women present and so profitable for the company. Where else can a prospective purchaser try on so much costume jewelry, and do it in such a pleasant atmosphere?" The average such "fashion show" produces about $60 in orders.

The companies find that the home party system also helps solve the recruitment problem: Many hostesses get to thinking about selling the product themselves.

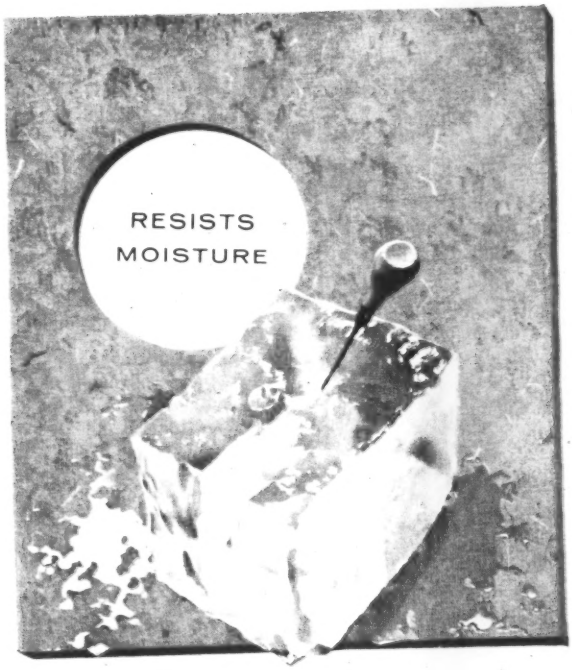
Public Opinion Counts

But whatever the particular techniques for producing sales, they can have little long-term effect if the companies do not operate in a clement climate of public opinion. Several months ago, the retailing authority Bernice Fitz-Gibbon pointedly told the direct selling companies that their public relations were far from ideal. She called for an industry-wide public relations campaign (both advertising and publicity) to "reassure all America that Mr. House-to-House is a reputable citizen with fine character and good breeding, as safe to let in your home as your own grandmother."

The idea is worth the consideration of an industry that can do so much to move mountains of new products—particularly at a time when the widespread lethargy of retail store clerks and the lack of active selling in self-service stores may prove serious problems. For door-to-door selling remains as the one route by which the mountain is brought to Mohammed.

Add extra quality...extra features
to your products with

MASONITE PANELS



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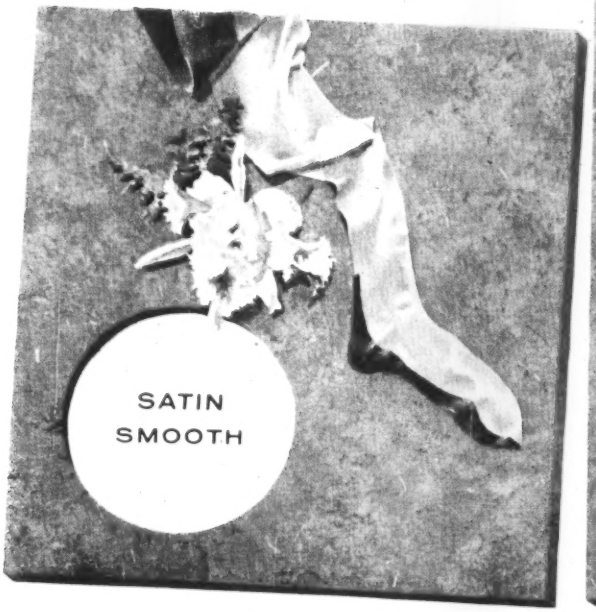

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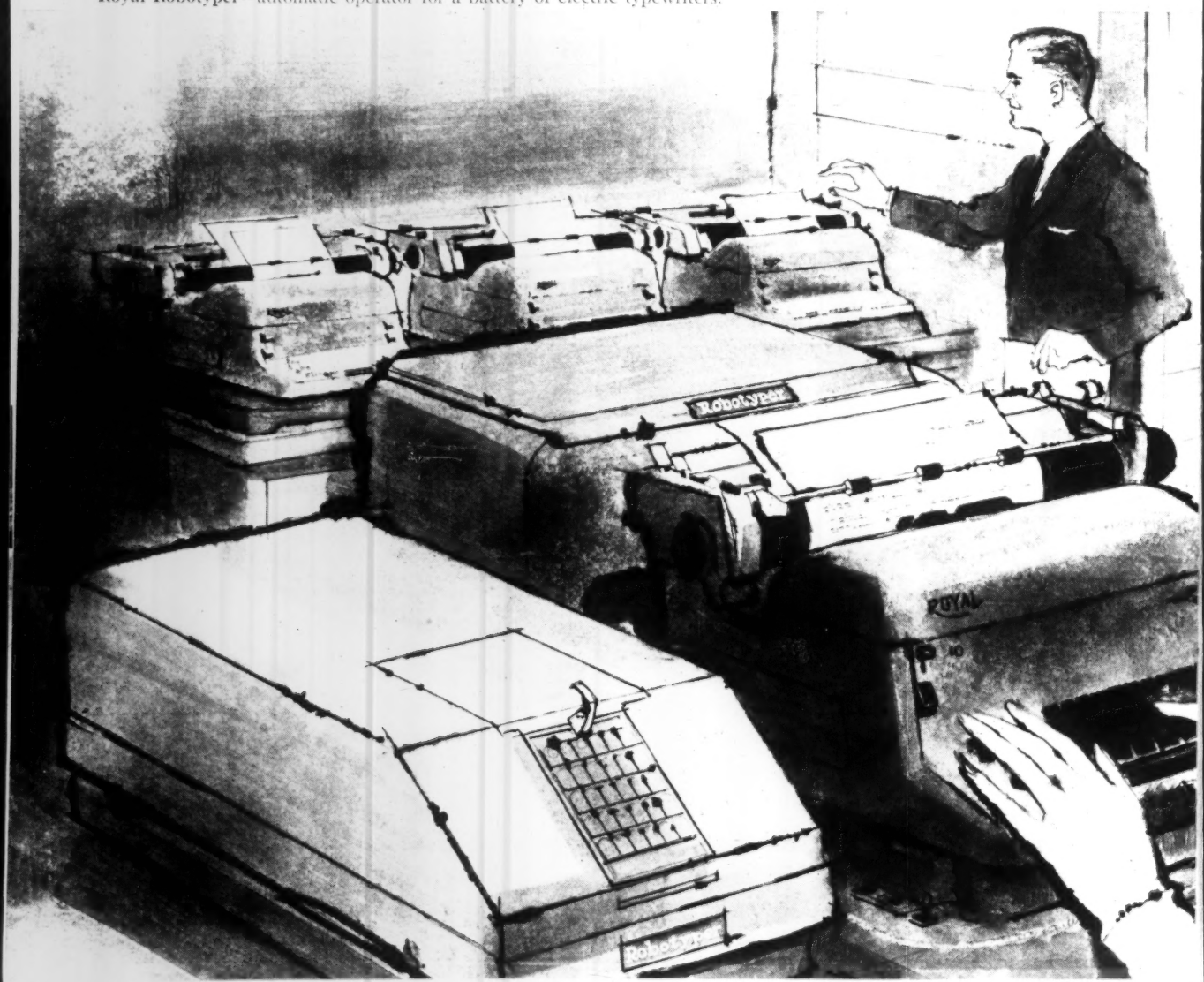
...with a family of machines and methods designed to fit every business

TODAY, from Royal McBee, comes a new and needed concept of data processing which is dramatically cutting down the size, the cost, the complexities of modern office automation. This practical concept, now brought to life in a whole family of highly flexible equipment—from electric typewriters to electronic computers—will speed the flow of information you require to run a successful business in today's fast-moving economy.

Automation gets a new look as Royal McBee, alone of all the ranking business machines companies, offers 1) machines and methods adaptable and affordable to companies of *all* sizes; 2) machines and methods which fit your business as it *stands* . . . as it *grows;* 3) office automation which is truly the servant of your people, not their master.

The power behind this promise combines 1) Royal's half-century of leadership in the manufacture of typewriters; 2) McBee's 25 years of pioneering in advanced methods

Royal Robotyper—automatic operator for a battery of electric typewriters.



machines companies... automation down to size

of accounting; 3) a vigorous research and development program staffed by one of the nation's most versatile pools of scientific and engineering talent.

Resources at Royal McBee's command include 1) over 12,000 employees; 2) domestic manufacturing plants at Hartford, Conn., Athens, Ohio, St. Louis, Mo., and Ogden, Utah; 3) international plants in Canada, Mexico, Holland and West Germany; 4) distribution in more than 100 countries of the world; 5) over 200 sales-service centers in the U. S. alone.

Present Royal McBee products, by adding new speed and flexibility to your office operations, can today give you true modern management control of your business. They will be joined by others in the months ahead . . . new machines and methods to augment the complete, low-cost, adaptable office automation which only Royal McBee offers.

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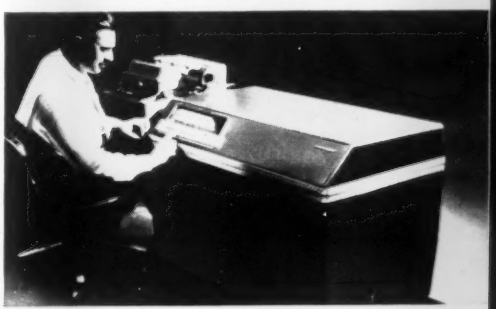
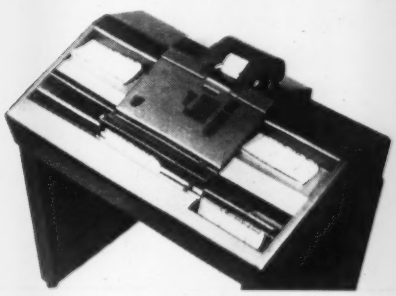
Royal Precision Electronic Computer—high-speed computation at low cost.



Keysort Tabulating Punch—complete and compact punched-card processing machine.



Royal Electric Typewriter—the world's most advanced office writing machine.

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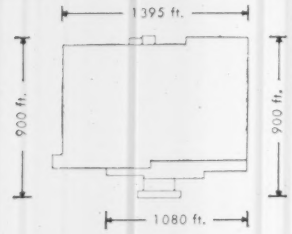

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America's enthusiastic acceptance of its smart new models has kept Ford Motor Company expanding production facilities — a recent addition being this huge Steering Gear and Cold Heading Plant now nearing completion at Indianapolis, Indiana. With stepped-up output Ford's order of the day, every day of this tight construction schedule was extra-important. Only by extra-close liaison between contractor and fabricator could these exacting requirements be met fully. And it is by such teamwork plus a solidly proved ability to get structural steel on the job — fabricated *right* and right when it is needed — that keeps more and more of the nation's builders calling on International Service.

See Complete Catalogs in Sweet's Industrial Construction Files Nos. 2c and 7a

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Executive BOOKSHELF

Why do wages rise?

NEW CONCEPTS IN WAGE DETERMINATION *edited by George W. Taylor and Frank C. Pierson. McGraw-Hill Book Company, 330 West 42nd St., New York 36, 336 pages, $6.50.*

A dozen economists have contributed chapters to this book, which deals with wage movements and factors that influence them. But the writers probably raise more questions than they answer, and the book as a whole makes clear the futility of trying to attribute changes in the general wage level, or the level in a particular industry, to a single cause.

Can unions force a redistribution of income and get a larger share of the industrial pie-chart for their members? They can, says Clark Kerr (University of California), but only to a limited extent.

What will happen to geographical differentials? And to differentials between industries? According to Arthur M. Ross (also U. of C.), geographical differentials will diminish as the backward areas become more heavily industrialized (and unionized), while differences between industries will persist.

What effect do wage increases have on technological improvements? "Union wage pressures . . . constitute a continuing prodding force on management to maintain efficient high-volume operations," say union spokesmen Nathaniel Goldfinger and Everett M. Kassalow. Yes and no, says Richard A. Lester of Princeton University. Wage increases have, in some cases, stimulated investment; in others, they have discouraged it by limiting the profit incentive. But some studies indicate that profit is not the only incentive to investment, and a good deal more investigation is needed before any generalizations can be made.

As for future wage levels, they may decline slightly in recession years, according to Lloyd G. Reynolds of Yale University. In boom years, he believes, "the rate of increase will rise above the long-term average."

Selling where it counts

ADVERTISING AT THE POINT OF PURCHASE *edited and compiled by The Association of National Advertisers, Inc., with the cooperation of the Point-of-Purchase Advertising Institute. McGraw-Hill Book Company, 330 West 42nd St., New York 36, 240 pages, $6.95.*

To gather material for this book, the Association of National Advertisers surveyed the point-of-purchase practices of 150 leading advertisers in 20 product groups. The text covers the amounts spent on point-of-purchase displays, materials used, distribution and control methods, and sources of ideas. Illustrated with views of successful displays.

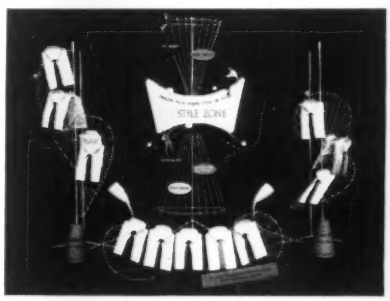
For the taxpayer

TAX PLANNING UNDER THE NEW REGULATIONS: 14 ANALYSES SHOWING HOW TO MINIMIZE TAXES TODAY, *published for the Texas Society of Certified Accountants by the Journal of Taxation, Inc., 147 East 50th St., New York 22, 194 pages, $4.95.*

SAVING TAXES THROUGH CAPITAL GAINS *by Arno Herzberg. Prentice-Hall, Inc., Englewood Cliffs, N.J., 430 pages, $12.50.*

YOUR FAMILY WITHOUT YOU *by N. R. Caine. Crown Publishers, 419 Fourth Ave., New York 16, 222 pages, $3.95.*

The first of these books comprises the complete text of papers prepared for the Third Annual Institute on Taxation conducted by the Texas So-



Imaginative counter displays can be as important to sales as regular media advertising.

It may well be that one of these states, all members of the Rock Island Family of States, can provide you with a plant site possessing all the requirements you need to do an outstanding production job. It's so easy to find out. Either drop in for a visit or write us. Complete information will be sent you on such subjects as raw material availability, markets, labor, power supply, housing, transportation and climate. Address

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ciety of Certified Public Accountants last November. Discussions deal mainly with recent court rulings and their effects on company and individual taxes.

The Herzberg book, which the publishers say is the first and only book devoted entirely to capital gains, covers the subject from "How to Figure Taxes on Capital Gains" to the special problems of the executive, the farmer, the author, and the inventor.

Your Family Without You deals with planning a will—and with the tax factors to be taken into account in doing so. It includes tables showing estate and gift taxes and a number of sample "effective will clauses."

In brief

ENGINEERING ENROLLMENT IN THE UNITED STATES *edited by Norman N. Barish. New York University Press, Washington Square, New York 3, 226 pages, $7.50.* Statistics and views on the number of engineers needed by industry in the next decade and the number being trained.

MANAGEMENT GUIDE TO OVERSEAS OPERATIONS *by Dan H. Fenn, Jr. McGraw-Hill Book Company, 330 West 42nd St., New York 36, 308 pages, $4.50.* Problems, prospects, and techniques of foreign trade, based on the proceedings of the 26th National Business Conference sponsored by the Harvard Business School Association in June, 1956.

MARKETING MANAGEMENT: ANALYSIS AND DECISION *by John A. Howard. Richard D. Irwin, Inc., Homewood, Ill., 429 pages, $7.20.* Textbook for college classes or executive development courses.

SALES AND MARKETING MANAGEMENT *by Lewis K. Johnson. Allyn and Bacon, Inc., 41 Mount Vernon St., Boston, 644 pages, $6.95.* Distribution management from the viewpoint of the manufacturer of consumer goods.

ADVERTISING MEDIA: CREATIVE PLANNING IN MEDIA SELECTION *by Lyndon O. Brown, Richard S. Lessler, William M. Weilbacher. The Ronald Press Company, 15 East 26th St., New York 10, 395 pages, $7.50.* Media audiences, costs, and other factors in media decisions.

DIGITAL CALCULATING MACHINES *by G. A. Montgomerie. D. Van Nostrand Company, Princeton, N.J., 262 pages, $6.75.* An explanation of how digital computers work.

DIGITAL COMPUTER PROGRAMMING *by D. D. McCracken. John Wiley & Sons, Inc., 440 Fourth Ave., New York 16, 253 pages, $7.75.* How to use a computer.

LINEAR PROGRAMMING: AN EXPLANATION OF THE SIMPLEX ALGORITHM *by Dakota Ulrich Greenwald. The Ronald Press Company, 15 East 26th St., New York, 75 pages, $3.* Linear programming by hand computation. Designed for those whose mathematical studies have gone no higher than college algebra.

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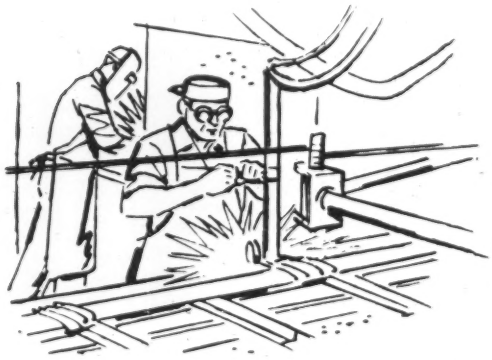

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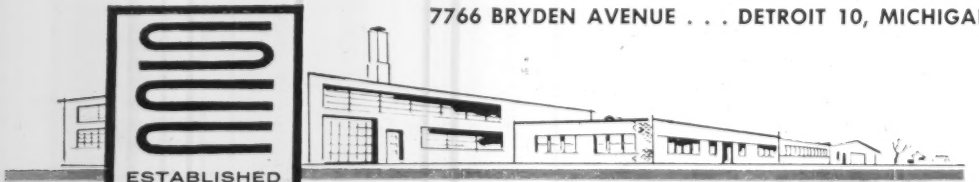

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Company growth is most often stifled first at the top. When a company expands and diversifies, this brings a growing burden of problems and decisions to the top man. If he insists on making most of the decisions himself, he will soon reach the limit of his abilities. The company's progress will bog down as he tries desperately to keep up with the mounting flood of work he has reserved for himself. A critical but often unrecognized problem in most companies is that of developing a means of pushing responsibility and authority down so that subordinate managers can bear a full part of the management burden. In Theodore

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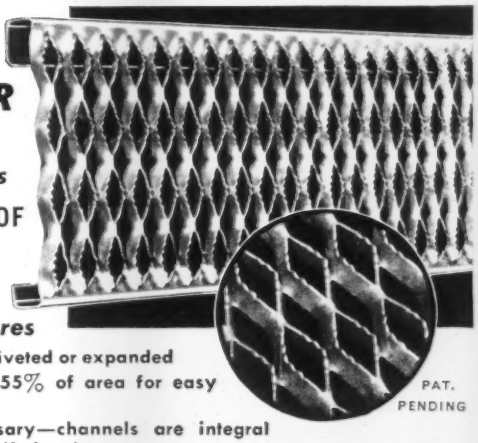

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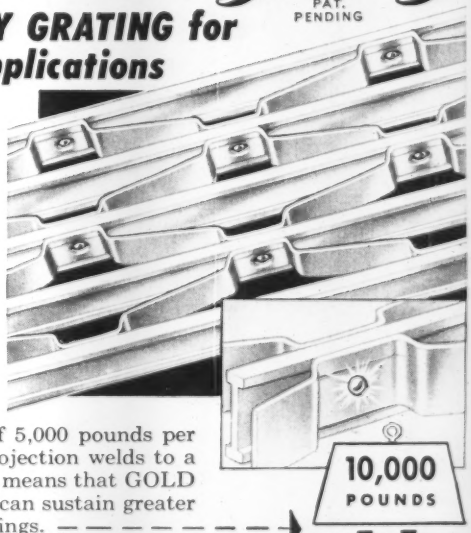

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Roosevelt's words, "The best executive is one who has sense enough to pick good men to do the work he wants done, and self-restraint enough to keep from meddling with them while they do it."

The key to delegation is knowing what work you, as the boss, must do because *only* you can perform it effectively, and what work you should have others do for you because they are in a position to do it as well as you can or even better. At first glance, the answer would seem to vary with each individual—with his particular skills, aptitudes, and personality pattern. But in reality the manager can delegate all but certain kinds of work.

In outstandingly successful companies, skilful and effective delegation is practiced by managers at all levels. In these companies, the manager concerns himself primarily with initiation—with seeing that the necessary work is undertaken, with final decisions on plans and organization, and with the coordination and control of the work he supervises.

Such delegation makes great demands upon the manager. It requires a willingness to let go—a confidence in himself and in his people that permits him to give them every opportunity to make mistakes and to learn in the process. Management delegation also requires that the manager be quick to give credit to his people and that he not be primarily concerned with capitalizing on their efforts for the sake of his own personal recognition and advancement.

Use of Specialized Staff

Full and effective use of specialized staff agencies is a characteristic of the highly successful company. From chief executive to first-line foreman, all managers need help in specialized areas—help that may range from developing company credit policies to deciding what kind of standards to set in a production process.

In many companies, the concept of staff has fallen into disrepute. There are several reasons for this. One is the attempt to give staff "functional" authority—that is, authority *over* line operating managers in functional areas. This concept was originated about 1914 and has been repeatedly discredited in practice since, but it reappears perennially.

In normal working situations

where good teamwork prevails, all managers work together harmoniously in getting out a product that will meet the customer's specifications and enable the company to make a profit. A distinction must be drawn between staff and line only when teamwork breaks down and there is misunderstanding or disagreement. In such cases, the manager who is accountable for end results must be given authority to make the final decision—although, of course, all others concerned must have the privilege of appeal to their common line superior.

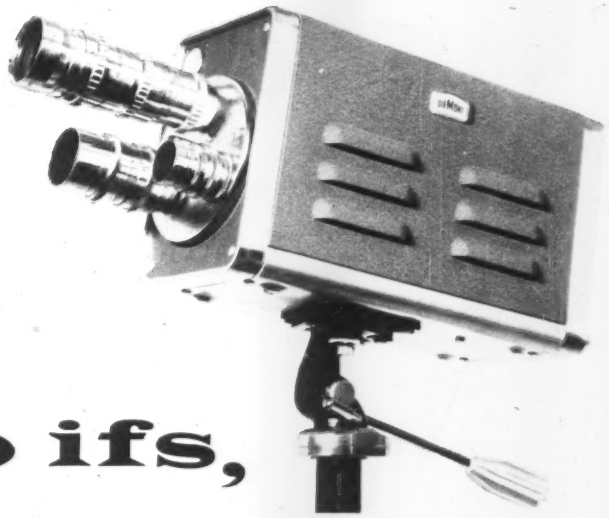
In successful companies, staff specialists, properly organized, act as highly skilled internal consultants in such specialized functional fields as finance, personnel, law, purchasing, research, and engineering. At the corporate level, staff groups should be made up of highly qualified experts who have time to think ahead, to develop new principles and techniques, and to advise and assist operating people and other staff groups in their application. At lower levels, specialized staff provides operating skills as a service to line managers, to help them produce and sell with greatest effectiveness and at lowest cost.

Profit Accountability

One of the most potent weapons of the company that attains long-term success is its capacity to divide the total business into many small, relatively autonomous business units. These businesses are placed under highly capable men. Each is then put into competition with outside businesses and with other managers within the company in terms of costs, or profit and loss, and each manager is rewarded in direct proportion to his success or failure.

The incentive of accountability for profits is a potent force in carrying the company forward. It identifies weak spots and forces correction, stimulates productive teamwork, and is perhaps the best catalyst for developing management talent.

Profit accountability shifts part of the burden of profitability from the chief executive—who is usually greatly overloaded—squarely on to the shoulders of key managers. It brings the profit-maker close to the point where profits are made. If the personal security of the individual manager is clearly at stake, he will be motivated to prompt and vigorous



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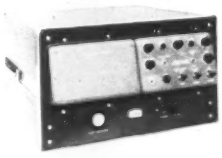

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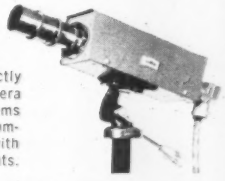

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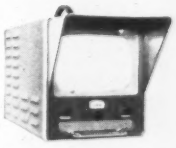

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corrective action when results are unsatisfactory.

How is profit accountability established? The first requirement is to set standards of performance in time, dollars, or other units. Each manager must then be given the authority he needs to make the decisions that directly affect his performance. He can be held accountable only to the extent he has this authority. The performance of each manager is then compared to programs and budgets, the performance of other managers, and previous experience.

This kind of accountability is a major force for accomplishment. One company, for example, divided its sales force in two as a basis for profit accountability, organizing each as a separate unit to sell a different product line. Each sales force was provided with the staff, facilities, and equipment it needed to operate as an autonomous unit. Overhead significantly increased, but within seven months sales were up 30 per cent—enough to produce a substantial rise in net profit.

The "People" Factor

It is obvious that the results to be accomplished by a company depend upon its people. An important aspect of professional management is careful selection, placement, compensation and development of people within the company. People will always work together most effectively and harmoniously within a framework of management and organization that encourages sound working relationships, provides for equitable distribution of the burdens of the business, and gives every individual the stimulus and incentive of working toward clearly defined goals.

Within such an environment, good managers will inevitably be developed—whether or not there is a management development program and management courses and classes. The stimulus and challenge of continually being forced to think as managers and to make management decisions, of being evaluated as managers and rewarded in terms of management accomplishment, is the greatest possible force in developing broad and versatile management talent. Enduringly successful companies always produce managers of professional stature, capable of accomplishment under any combination of circumstances the market-place may afford.

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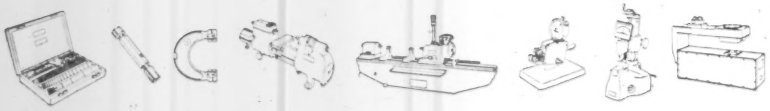

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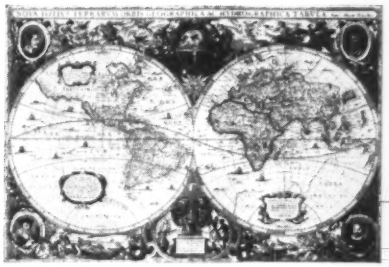

ALEXANDER O. STANLEY, *Editor*

30 GUIDEPOSTS TO OVERSEAS MARKETING

ELMO C. WILSON and ALEXANDER O. STANLEY

As export sales and overseas plant investment break through to new high levels, management is turning to marketing research to increase its market penetration. Some tested techniques and reliable operating principles are reviewed in this list of practical check-points.

CASUAL ENTRANCE into overseas markets, followed by hasty withdrawal—this is a familiar pattern among companies that have sought profits abroad without understanding the necessity of effective international market research. The dynamic growth of exports, along with the trend toward transplanting assembly lines to new and remote foreign markets, is influencing many U.S. managements to reappraise their policies and practices to see whether their companies too can capture more dinars, Deutschmarks, and drachmas. Once generally regarded as a luxury reserved for large-scale, large-sale manufacturers, marketing research today is a "must" for any company with overseas interests or ambitions.

International market research is a comparatively new technique. To make best use of it requires an understanding of its limitations and a readiness to improvise solutions by methods that might seem disturbingly unconventional to the domestic researcher. For the fact is that there is no such thing as a *mass* export market. The 99 countries constituting the export area differ so widely in languages, laws, and ways of life that it is not easy to establish tight research formulas that are universally applicable. But the heavy and increasing investment of U.S. companies in direct and indirect sales abroad has generated an unparalleled investment in international research. Consequently, more sources, data, and know-how are available today. In introducing an established product into a new overseas market or pretesting a new product in an established world market, much of the guesswork can now be eliminated.

The 30 points that follow offer a fundamental approach to the problem of mapping out the safe or stormy areas of markets abroad.

1. *Population statistics will yield vital clues when you are comparing markets.* Total population, geographical concentration, and distribution by age group, sex, and level of literacy will indicate the quality, concentration, and current responsiveness of the market—and its future growth. Especially important in plant location or distributorship patterns is a pinpointing of population clusters, since transportation costs can weigh heavily in pricing schedules.

2. *The extent of industrialization and the trend are important marketing indices.* It has been almost axiomatic that the more industrialized countries buy more American goods and provide a more stable atmosphere for plant investment. They possess resources in men, materials, and markets that are susceptible to development. One-crop economies are still to be found, but their number is diminishing in the face of the natural or forced growth of home industries. This trend toward greater industrialization almost always stimulates mass purchasing power by raising wage levels, and it may create a quality market by fostering the development of a middle class.

3. *The utilities can often provide a valuable index of growth.* Development of power facilities, expansion in road, rail, and air transport, and improvement in communications (especially radio and TV), all point up increased economic activity. And they serve as a sensitive barometer on the downside, too.

4. *U.S. and UN international trade statistics are a reliable index of trends that may identify future problem or profit areas.* Although these

U.S. EXPORTS AND TRADE BALANCES WITH 76 WORLD MARKETS

(Summary for 1955 and 1956)

The balance of trade with each country represents the difference between U.S. exports and imports. All minus figures reflect an excess of U.S. exports over imports. Where it exists, this situation constitutes a "favorable" trade balance for us, but it also gives a clue to areas where dollar shortages may become a problem, especially when considered in light of **volume** of exports to the country in question. For example, at the end of 1956 our imports from Canada provided roughly 75 per cent of the necessary dollar exchange to pay for our exports to Canada. Conversely, our imports from Colombia exceeded our exports to that country by almost one-third, creating a substantial dollar balance in their favor, from the interchange of goods.

Of course, the net position of any country can be influenced, plus or minus, by the exchange of dividends, gold, tourist spending, transportation, insurance costs, credit factors, and trade balances with other countries. Basically, however, the growth of trade imbalances foreshadows dollar problems. The trend of these figures month by month will provide a rough index to any country's buying and paying capacity in the near future.

	U.S. Exports 1956	Balance of Trade 1956	1955
	(in millions of dollars)		
Canada	3,972.2	−1,079.6	−555
United Kingdom	903.6	− 178.2	−308
Japan	889.9	− 332.2	−212
Mexico	840.5	− 440.0	−303
Western Germany	780.8	− 286.6	−228
Venezuela	651.2	+ 46.4	+ 28
Netherlands	565.5	− 400.2	−329
France	558.2	− 322.3	−156
Puerto Rico	548.3	− 179.6	−180
Italy	523.4	− 307.6	−175
Cuba	511.5	− 54.7	− 30
Belgium and Luxembourg	432.8	− 129.6	− 67
Republic of Philippines	318.8	− 62.2	− 88
Colombia	315.1	+ 94.2	+110
Brazil	292.8	+ 452.6	+392
India	267.5	− 62.0	+ 34
Union of South Africa	216.0	− 150.0	−165
Spain	253.6	− 185.7	− 68
Switzerland	219.0	− 40.1	− 43
Argentina	212.2	− 79.6	− 22
Sweden	182.0	− 73.0	−111
Australia	178.6	− 42.1	− 75
Peru	159.0	− 24.7	− 53
Republic of Korea	157.4	− 147.7	−120
Chile	154.4	+ 81.4	+ 40
Republic of Indonesia	140.1	+ 50.8	+137
Pakistan	137.7	− 100.8	− 24
Turkey	109.0	− 41.7	− 39
Yugoslavia	108.6	− 77.9	−117
Taiwan	104.3	− 96.4	− 99
Egypt	96.6	− 82.0	− 37
Israel	96.1	− 77.1	− 73
Norway	93.6	− 21.5	− 14
Greece	90.0	− 63.7	− 50
Denmark	83.5	− 25.2	− 29
Netherlands Antilles	80.0	+ 156.5	+159
Guatemala	79.5	− 0.6	+ 15
Iran	76.5	− 35.0	− 19
Austria	76.2	− 29.4	− 59
Saudi Arabia	74.4	− 0.4	− 13
Viet-Nam, Laos, and Cambodia	74.1	− 53.5	− 4
Hong Kong	67.9	− 48.0	− 34
Republic of Panama	67.8	− 47.7	− 55
Dominican Republic	67.2	− 7.1	+ 10
Belgian Congo	57.4	+ 57.3	+ 4
Thailand (Siam)	51.4	+ 45.2	+ 55
El Salvador	49.4	− 1.1	+ 15
Finland	47.1	+ 1.1	+ 1
Bolivia	47.0	− 5.2	+ 29
Malaya	46.4	+ 180.1	+199
New Zealand	46.0	+ 17.6	− 18
Portugal	43.9	− 19.3	− 9
Ecuador	43.6	+ 9.6	+ 8
Costa Rica	41.7	− 22.6	− 15
Honduras	38.1	− 8.2	− 11
Iraq	36.4	+ 4.0	− 30
Haiti	36.3	− 21.4	− 10
Lebanon	35.6	− 30.9	− 35
Morocco	34.5	− 24.1	− 34
Uruguay	33.1	− 7.8	− 24
Nicaragua	32.5	− 13.0	− 13
Kuwait	30.8	+ 62.8	+ 80
Liberia	30.4	+ 12.9	0.0
French West Africa	30.3	+ 8.1	+ 10
Ireland (Eire)	28.9	− 20.9	− 41
British West Africa	22.2	+ 69.5	0.0
Algeria	19.2	− 16.5	− 13
Rhodesia and Nyasaland, Federation of	15.6	+ 24.4	+ 44
Angola	15.2	+ 22.1	+ 9
Iceland	11.6	− 3.0	− 11
Soviet Bloc	11.2	+ 54.2	0.0
Free Territory of Trieste	9.2	− 9.1	0.0
Ceylon	9.1	+ 21.8	+ 28
British East Africa	8.3	+ 29.3	+ 21
Paraguay	7.6	− 1.8	+ 2
Ethiopia	4.5	+ 19.8	+ 8

are bulk statistics, reported with a lag of three to four months, they do provide a definite index to the tempo of trade—and, equally important, to capacity to pay. For example, the correlation of U.S. exports with the net trade balance (that is, the surplus or deficit after taking imports into account) shows the weak or strong dollar-exchange markets. Since these data are released monthly, charting the expansion or contraction of the net trade balance in your present or potential markets will help in your sales and credits calculations (see table).

5. *Tough import and tariff regulations can sometimes be converted into competitive advantages.* Developing local manufacturing facilities through branch plants or licensing agreements can strengthen your market position against local and foreign competition, and a "home-made" label can create broader acceptance of your products. Closer contact with consumers can lead to new techniques and special adaptations that may improve your marketing "know-how" in other sales areas of the world. So, even if tariffs seem tough—don't give up.

6. *Money loses mobility when an exchange freeze is imposed.* Imbalances of trade can create temporary or long-term paucity of dollar exchange, affect your outstanding credits on direct-export sales, and curb withdrawal of profits and/or capital from local manufacturing facilities, licensed or owned. Foreign exchange regulations and revisions are reported constantly by the U.S. Department of Commerce (Bureau of Foreign Commerce) and by U.S. banks with overseas affiliations. So, to avoid a pile-up of frozen credits, keep informed. And if your profits are outstripping your withdrawals in branch or licensee areas because of exchange controls, look into *local* reinvestment possibilities. In many areas of the world, loans backed by high-grade collateral yield interest rates of 8 to 12 per cent—and 20 per cent is not unusual.

7. *Tax haven or tax Hades?[2] That's an important question to keep in mind when looking over any of the 99 world markets for possible plant location.* That the problem has been reduced to manageable proportions is evident from the fact that hundreds of U.S. companies have been

maintaining profits for years in a wide variety of markets. Tax inducements or tax loads can distort market factors, and should not be the sole determinant.

8. *"Fringe" benefits can complicate your payroll picture in plants overseas.* Review carefully all existing labor legislation and be sure you understand clearly all short- and, especially, long-term commitments.

9. *The political climate may be all-important.* Like the weather, it's variable. It can depress or benefit your business. The degree of government intervention in business, the extent of existing restrictions, even the recent *volume* of edicts or regulations affecting commerce, will give some hint of the future latitude or operating limits you will have.

10. *If accident or incident gets you into the political arena, marketing studies can help you determine a sound strategy for aligning public opinion on your side.* In one country abroad, legislation which vitally affected the interests of several U.S. companies was widely publicized in the press. It became the basis for a strong political attack upon the government by the combined forces of the extreme right and left, who charged that the legislation was a steal by foreign interests. In reality, the U.S. companies themselves were opposed to it, for different reasons. A survey showed that two-thirds of the urban public had never heard of the legislation, that both the proponents and opponents of it explained their position with the *same arguments.* In the face of this confusion, one of the American companies launched a series of institutional advertisements that successfully conveyed the company's position.

11. *Your present package and label may have plenty of eye-appeal, but it can leave you on the wrong side of the law.* Extensive regulations, affecting especially pharmaceutical and food products, are in existence in many countries. To comply, you may have to imprint registration numbers, state the formulas, and sometimes list all ingredients precisely. When you revise your labels for language changes, allow for these regulations.

12. *Trademarks should be protected when you pre-test the market.* Pirating of trademarks is a common practice in many parts of the world,

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TO BUY

AUSTRIA

0248 PURCHASE DIRECT AND AGENCY SOUGHT FOR STEEL, FERRO-ALLOYS, AND METALS. GUSTAV GOERANSSON, 5 Invalidenstrasse, Vienna III.

FRANCE

0249 Will purchase direct or represent on an exclusive basis serums, vaccines, tuberculins, and veterinary specialties from a U.S. laboratory. SOFCA, 31 rue Tronchet, Paris.

0250 WISH TO PURCHASE DIRECT WALNUT AND DOUGLAS FIR LUMBER. A. GILARDI, 10 Avenue de l'Armee des Alpes, Nice.

GERMANY

0251 Need construction machinery such as graders, truck concrete mixers, vibrators, and related equipment. INTERBAUMA, 28 Rahlau, Hamburg/Wandsbek.

INDIA

0252 Wish to purchase one complete plant for manufacturing razor blades. RAGHUBIR SARAN & SONS, Attn: Mr. Shanker Saran Kothiwala, Mandi Bans, Moradabad, U.P.

NETHERLANDS

0253 First-quality oil stoves for domestic heating, burning kerosene, fuel oil, or gasoline desired for direct purchase. N.V. TECHNISCH BUREAU KOBACH, 168 Noordsingel, Rotterdam.

NEW ZEALAND

0254 Desire textile piece goods suitable for women's garment trade and furnishings trade. Will purchase direct or represent manufacturer. DIRECT INDENTORS, G.P.O. 2405, Wellington.

VENEZUELA

0255 Language courses on LP records with textbooks for different languages and pupils of various tongues. Sole distribution for Venezuela wanted. MAGNUS C. A., P. O. Box 4521, Caracas.

VIET-NAM

0256 WISH TO PURCHASE HAND FILES. COVAM, 26 Duong Tu Do, Saigon.

TO SELL

DENMARK

0257 Danish handicraft items for export direct to gift shops include handpainted porcelain, silverware, photograph frames, door knockers, wooden handicrafts such as figurines and costume jewelry in amber, wood, and bone. Illustrated catalog available. J. E. JENSEN, 92, Strandvej, Esbjerg.

ENGLAND

0258 Screen printed felts, novelty cottons, and spun rayons, for export direct or through agent. BRITISH OVERSEAS & EXPORT TRADING LTD., Empire House, 175 Piccadilly, London, W. 1.

0259 Ladies miniature Safety Razor made in nickel plated metal. Packed in attractive plastic box. Complete with blades. Spare blades available. GEO. H. LAWRENCE LTD., Sheffield 3.

FRANCE

0260 Ladies' readymade clothing of rayon, silk, cotton, and tulle, including dresses, suits, evening and cocktail dresses, skirts, and blouses, for export direct or through agent. S.A.R.L. DEROY, 12 rue Richer, Paris IX.

KENYA

0261 WOOD CARVINGS OF AFRICAN CRAFTSMANSHIP FOR EXPORT. EAST AFRICAN WOOD CARVINGS EXPORTERS, P.O. Box 2638, Mombasa.

ITALY

0262 High-quality furniture, panels, wall panoramics, and tables, decorated with plasticized laminated applications. Large quantities available for direct export. Illustrated leaflets available. COMMISSIONARIA GENERALE ESCLUSIVA STEFFENINO, 3 Via Pinelli, Turin.

PORTUGAL

0263 Religious articles: Hand-carved statues and other religious and regional articles of wood, ivory, marble, plaster of paris, and plastic, luminous and with music. Direct or through agent. CRISPIM DE OLIVEIRA MONTEIRO, Silva Escura, Maia.

TO REPRESENT

ARGENTINA

0264 Agency sought for heavy agricultural and industrial machinery, including textile machinery. JULIO CESAR CRESPO, 1080 Junin, Buenos Aires.

BELGIUM

0265 Interested in obtaining agencies covering Belgium and Belgian Congo from U.S. manufacturers of products and equipment used in the chemical and pharmaceutical industries. CARLO GERARD, 26 avenue de l'Atlantique, Brussels.

BURMA

0266 AGENCY SOUGHT FOR CANNED PROVISIONS. MESSRS. U. THAN OHN & SONS LTD., 40, 28th St., Rangoon.

COLOMBIA

0267 Agency sought for agricultural insecticides, bulk-packaged, from U.S. manufacturers. VILCA, LTDA., 19–29 Carrera 7, Bogota.

GERMANY

0268 AGENCY SOUGHT FOR PAPER, CARDBOARD, AND WOODPULP OF ALL TYPES. HANS-JUERGEN VON WEBER, 10a, Kuulsbarg, Hamburg-Blankenese.

GREECE

0269 Wish to obtain agency for woodworking machinery and confectionery packaging machines. CHROPAN, 3 Iktinou St., Athens.

UNION OF SOUTH AFRICA

0270 AGENCY SOUGHT FOR CROCKERY AND GLASSWARE, CHIEFLY CULINARY. B. SUTTNER, P.O. Box 1971, Capetown.

so obliterate your trademark to obviate problems in running a pretest.

13. *Cultural factors can confound you if you don't watch out.* The influential role of women in society, their control of the family budget, and their consequent importance as buyers are taken for granted in domestic markets. But this pattern does not necessarily hold abroad. In many areas the man is both breadwinner and keeper of the purse. Sales appeals based on economy and efficiency may fall on deaf ears, while accenting prestige or investment value may pay off. In some areas consumer durables, which are regarded as desirable capital assets, are bought and withheld from use for future resale. It's difficult to discourage this practice, especially where inflation is prevalent. Local standards must be observed in matters ranging from color shades to religious taboos—and even nuances in language usage may be a sensitive point.

14. *Export price schedules require close calculation if they are to be held within a competitive range.* If the arithmetic is based on domestic schedules, delete all charges that apply to domestic advertising and sales promotion, transportation, and all other cost elements that will be duplicated in export activity.

15. *Credit, whether of the charge or installment variety, can be used as a sales stimulant*—but check the commercial code prevailing in the country. The right to recapture in default is as variable abroad as in our own states. Whether it is a *prenda agraria* or hire-purchase contract, know the facts—and proceed with caution.

16. *Commercial credits, whether internal or international, are a powerful sales tool but can also be a trial.* The garden variety of open-account terms, protected by precedent and law in the United States, is not so commonly used abroad. Drafts, notes, or letters of credit are preferred, and provide considerable latitude in credit and protection if skillfully used. Be prepared for longer time-lags, since working capital is at a premium in most countries and inventory turnover is slower. When you add to these factors the lengthy delivery time from the factory floor to the store shelf, it's easy to see why 60, 90, 120, or 180 days of credit are often required.

17. *Effective advertising procedure is less a matter of agencies, more a problem in understanding media limitations and controls.* Accurate circulation data and audience measurements are the exception rather than the rule. The quality of media varies, and may necessitate a change of emphasis to conform with what is available and effective. At this level your sales channel can be an immeasurably valuable source of information and guidance. And split-cost programs to which your distributor or agent contributes will help to sharpen his judgment.

18. *Since distribution patterns vary country by country, it's wise to study the market carefully before deciding on your methods.* Sales agents, even under remote supervision, have done creditable jobs for thousands of American exporters. They require less investment and involve smaller risks than working through distributors (wholesalers). And they are especially effective in the smaller, more compact markets. But a well-

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Wigton-Abbott
CORPORATION
CONTINENTAL CAN COMPANY
Metal container plant being erected for the Continental Can Company, Inc. at Maspeth, N. Y. by the Wigton-Abbott Corp.
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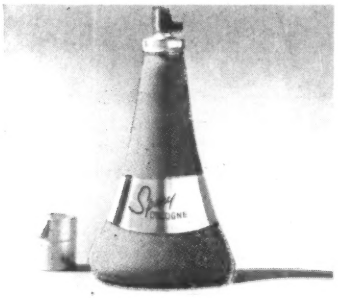
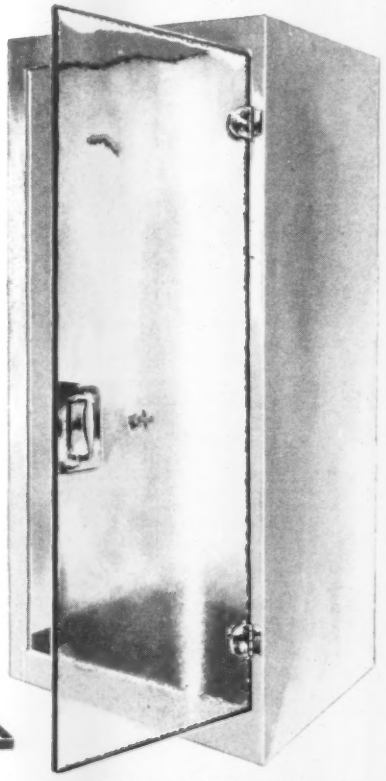
Economic Surveys, Reports and Analyses
•
Development of New Processes and Equipment Installation
•
Industrial Design and Construction and Conversion of Existing Facilities
Wigton-Abbott Corporation
ENGINEERS & CONSTRUCTORS
Main Office
PLAINFIELD, N. J.
WA
Est. 1924

NEW WAY TO UPGRADE YOUR PRODUCTS: VINYL COATINGS



Cosmetic bottle with a thick, smooth coating. Stylish and safe—even for aerosols. Glamorous and shatterproof with a single dip into a vinyl dispersion.



For the tight fitting of shower-stall doors.

For high-styled "leather-covered" gift bottles for merchandising liquors... and breakage-protection for glass chemical-containers...

For friction sleeves to control rattles on glass shelving and to eliminate need for polishing edges...

Thick, tough, protective and decorative coatings for glass

Amazing to the eye, pleasant to the touch—these leather-like coatings offer you new ways to merchandise with glass. These coatings add new beauty, longer life and safety to dozens of market-building applications—for household, workshop, factory.

You can apply the coatings simply by dipping the glass into specially formulated vinyl dispersions. You can make the coating up to 1/16″ (60 mils) thick. Preheating the glass controls the thickness. Then a short heat-cure "sets" the plastic in a permanent bond to the glass.

The leather-like coating can range from firm and hard to soft and rubbery. The color? Your choice. The possibilities? Virtually untapped. Coating glass with vinyl is a new industrial art—a starting point waiting for your development.

Write today for sources of vinyl in liquid form for coating glass, metal, or wood.

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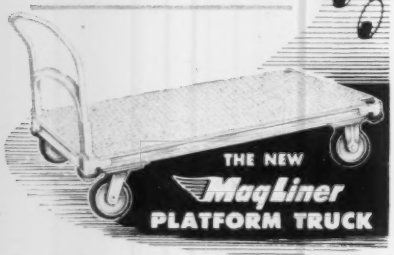

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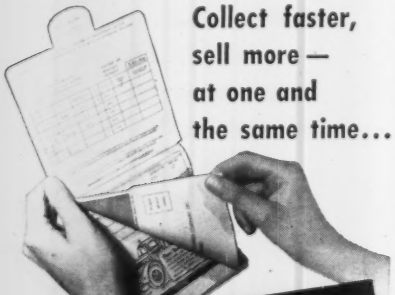
Magline Inc. P.O. Box 187 Pinconning, Mich.



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established distributor is a "must" if your product is complex, has special service and replacement features, or requires controlled installation or maintenance of extensive inventories to fit customers' needs. But don't limit yourself to "big names" with large capital resources. Moderate-size distributors can outperform their large competitors, since they carry fewer lines and tend to be more aggressive in building sales. Look at the *number* as well as the *names* of the companies your potential distributor now represents.

ABOUT THIS ARTICLE

This article was written in collaboration with Elmo C. Wilson, president of International Research Associates, Inc., an organization conducting marketing research in 29 countries. Mr. Wilson was formerly director of research for the Columbia Broadcasting System, and served as OWI Chief of Surveys in the European Theater of Operations during World War II. A member of the American Statistical Association and the International Advertising Association, he is a past president of the Market Research Council of New York and of the American Association for Public Opinion Research. Mr. Wilson is the author of a number of articles on international opinion and market research.

19. *Your so-called "sales" can be stagnating on retailers' shelves—so look at your sales report in depth.* Factory sales are only part of the picture. The intermediate sales stages of moving goods to market through distributors, dealers, or retailers are deceptive when lifted out of context. The consumer sale is the most concrete statistic. Here the real analysis of inventory and production controls begins. And if changes in style or product are contemplated, watch out!

20. *The weather range can be a sensitive marketing barometer.* Climatic extremes may not only affect the demand for your product; they may require special precautions in packaging, displaying, storing.

21. *Sales are often tied to seasons.* And these are as varied as the markets themselves. Aside from the religious and traditional holidays, buying seasons can be heavily influenced, for example, by harvesting periods, when crops are converted into cash and accounts are squared. To overlook this factor is to overlook good-will and good sales.

22. *Shopping methods and shopping habits run the gamut.* The super-market and the centralized shopping center, which are becoming commonplace on the domestic scene, are considered weird U.S. inventions in most overseas areas. The butcher, the baker, and the grocer still carry on at separate stands. South of the border, siesta time splits the shopping period and encourages the homeward trek of workers for a leisurely lunch instead of a quick bite at the corner drugstore. These habit patterns may affect all your distribution techniques, requiring realignment in your advertising and sales procedures.

23. *The market study should be pre-tested before you pre-test your product.* Local "contexts" should be clearly understood in preparing questionnaires and analyzing responses. Costly ambiguities can be reduced or eliminated by pre-testing your study with experts in the local culture—preferably nationals.

24. *Surveys by mail or by interview should be examined in the light of prevailing political conditions.* Mail censorship and special edicts involving commercial intelligence can get you into hot water—so examine this factor before you proceed.

25. *Domestic marketing procedures are often worth trying, but adaptation is generally required.* Techniques that work well domestically may fall flat overseas because of lack of data or wide disparities. The constants will be found in the economic *type* of market—that is, whether its base is industry, mining, agriculture. And while it is convenient to think of geographic terms, markets physically remote from each other may show parallel marketing patterns. Change your methodology to suit your market.

26. *Consumer studies are feasible abroad, if fancier in technique and price.* In Great Britain, for instance, every voter over 21 is listed in a Civilian Residence Register. In Sweden, each family fills out an annual census form, stating the number of persons in the household, their ages, sex, occupation, and so on. In other places, ration lists help establish the research "universe." And while sampling abroad requires flexibility of technique because of the variety of data available, where lists do exist a much more precise sampling method can be achieved than is normally possible in the

United States. But finding and financing the field staff is something else again. Fortunately, a growing interest in measurement techniques has stimulated social scientists abroad—especially in Europe and Latin America—to study and apply marketing procedures in their own area, creating acceptance and support of new research organizations, some with U.S. affiliations.

27. *Store audits and consumer panels, growing in popularity abroad, can yield valuable clues to sales impediments or advantages.* Even some small markets are taking to the idea. Norway is now under a Continuous Purchase Index involving the sampling of 240 households each week, year-round, by an affiliate of the International Research Associates. Sometimes participation requires persuasion and compromises in methodology. Data required in store audits may be considered highly confidential by overseas retailers, and its release may be regarded as unethical. If you can't get all the facts, ask for the averages or the percentages. In many cases initial opposition has melted away after retailers who cooperated in a limited program saw for themselves the value of this in their own operations.

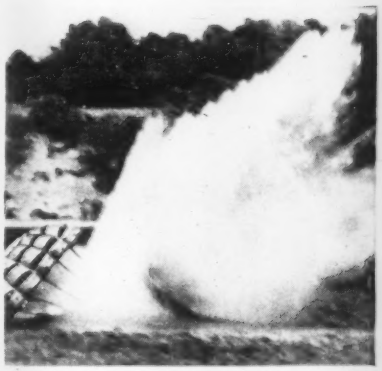
28. *"Enumeration" districts for sampling procedures as we know them in the U.S. are in the embryonic stage in overseas markets.* But improvement in foreign governments' statistical procedures, the growing acceptance of market research as an accredited technique, and the spreading publication of texts and tables analyzing overseas markets make it possible to develop marketing programs in an orderly manner and arrive at conclusions with confidence.

29. *Competitive factors require persistent vigilance and continuity in commercial intelligence.* The desire to export, to invest in plants, is basic in all countries. New products and new competitors constantly replace the old. The idea of spreading your management problems around the globe may seem appalling, but the rewards can be impressive. Exposing your products to the competitive challenge in world markets will keep you updated on innovations, new techniques, and changing requirements that may influence your future in even the domestic market.

30. *Continuity in marketing studies is a "must" in areas where inflation is rampant.* The impact on local prices and the need for maintaining elastic price schedules is obvious. To be informed properly, you must be informed constantly.

The extent or expense of a marketing study must obviously be controlled by pragmatic values. The difficulty sometimes lies in collecting and correlating too many facts that are fascinating in themselves but may only confuse the search for accurate conclusions.

"Does your poor old starving mother know you're hocking this to buy food?"



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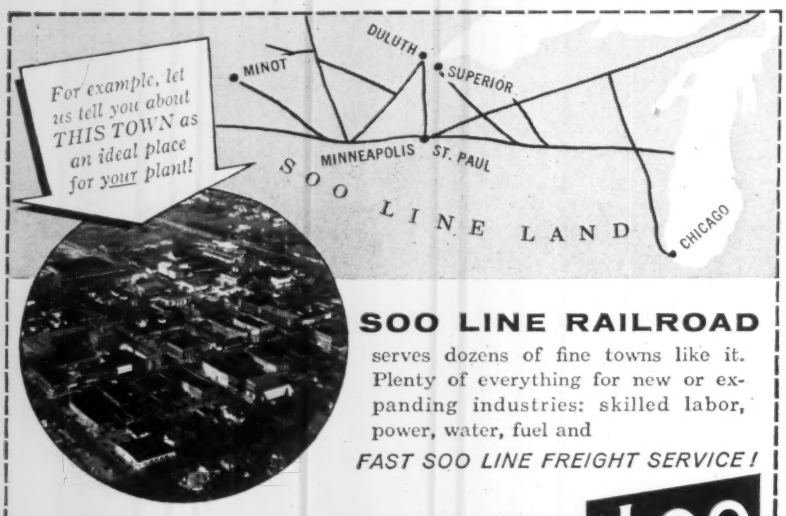

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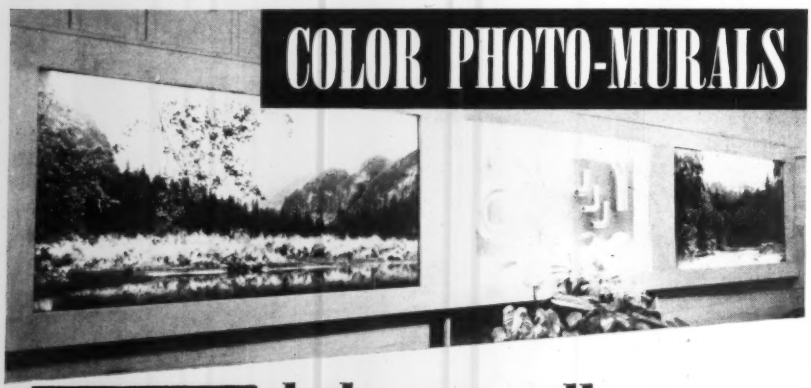

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LABOR RELATIONS

continued from page 40

Brass knuckles, the company goon squad, the yellow dog contract, and the blacklist have passed from the American labor scene. Employers' once total, sometimes brutal resistance to union organization has largely given way to a policy of peaceful coexistence and acceptance. Harmony is the new keynote.

Not everyone is happy, of course. Plenty of companies still have very marked reservations about the whole relationship, and here and there a nasty struggle sometimes erupts.

But the basic mold is pretty well set. The right of one party to make demands is no longer questioned, and the processes that determine what the other shall give have been pretty well defined by repeated usage.

This is progress. This is maturity. But there is a point where progress ceases to be progress and maturity ceases to be maturity.

What has happened is that many companies to which unions once were anathema have passed through and beyond the stage of accepting them and attempting to work intelligently and fairly with them. They have reached a new order of relationship in which they shrink from asserting their proper rights, out of fear of union power.

Some Everyday Examples

This fear psychology, of course, is manifest not only in employers' neglect of their own best interests in the sphere of public policy formulation, but in their direct day-to-day relations with their unions as well. On all sides we see illustrations of management's failure to stand up and manage:

1. How many employers have knowingly acceded to the outright looting of the employee welfare funds they finance?

2. How many employers have put "wildcat" strikers back to work without disciplining them, even though they went out in direct violation of the contract?

3. How many employers have put up with all kinds of flouting of supervisory authority?

4. How many companies permit their grievance machinery to operate as a one-way channel for union complaints against management?

5. How many companies find that

90 per cent of the time in contract negotiations is taken up in discussion of the union demands, that it is hard sometimes even to get a complete first reading of company proposals?

If the union is strong and can hurt you, the theory seems to be, the best way to minimize the hurt is to be as inoffensive as possible. This even at the sacrifice of important company interests.

Many employers have found that a well-written contract may have little practical meaning when the company permits the rights it has carefully set forth to be dissipated through shop steward attrition. It doesn't take long for this to happen when line supervisors fail to get the management backing they need to make the contract rules stick. Soon the union stewards can have more say than the company foremen about what work is done under what conditions and how fast, and the men begin to go to them for their orders.

Once a company starts down the road of trying to buy rather than work for and earn good union relations, it finds it hard to turn back. One big firm found itself unable to fire its own labor negotiator unless it took on another man *selected by the union* at $50,000 a year—which it did!

This almost fawning subservience must not, of course, be confused with an intelligent management policy of recognizing the rights of unions and trying to work cooperatively with them. A certain disposition to compromise sincere but opposed objectives of company and union, along with healthy attention to principle, is a key factor in building mutual respect and good labor relations—and in many negotiations this attitude prevails.

Some Have Stiffened

Many firms, incidentally, have managed a transition from a weak-kneed posture to a more positive stance by effectively disproving, through their total pattern of conduct, the charges of "anti-unionism" which often are set off by any such endeavor, no matter how skillfully handled.

The new personnel director of a big city newspaper a few years ago utterly confounded its unions by filing a grievance against one of them. "Oh, you can't do that," they said. "The grievance machinery is just for

continued on page 72

Recent years have witnessed a spectacular growth in almost every phase of Canada's economy, notably in manufacturing which today produces a wide and diversified range of industrial and consumer products.
manufacturing is
DIVERSIFIED
in Canada

...so are the services of Canada's largest bank

When you wish to explore business opportunities in Canada you will do well to consult the Royal Bank. We offer many services, far beyond the realm of routine banking. For example, we maintain an up-to-date list of desirable factory sites, can assist in developing reliable trade connections, and have on hand or can obtain quickly a wealth of factual information on labor, power, transportation, markets and related topics as they apply to every section of the country. For information on these and other special services, get in touch with our Business Development Department at Head Office, Montreal.

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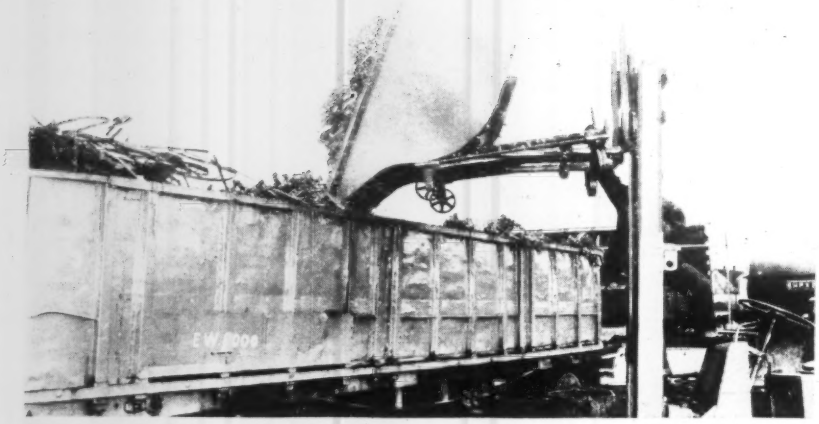

Self-Dumping Hoppers cut scrap handling cost

A messy, time-consuming salvage operation was turned into a neat, one-man job for the Verson Allsteel Co., Chicago. By switching from wheelbarrows and scoops to Roura Self-Dumping Hoppers, "scrap segregation was also made practical for the first time." Now a worker moves through the plant shoveling steel filings, turnings, cuttings, and other scrap into several dozen Roura Hoppers. Then with a standard lift truck, he moves the Hoppers to semi-trailers outside the factory. With a flip of a handle, each Hopper dumps itself, rights itself, locks itself, and is then moved back for another load.

Roura Self-Dumping Hoppers are saving time and cutting costs throughout industry by swift and efficient bulk materials handling.

ROURA Self-Dumping HOPPER

WANT MORE DETAILS? Attach this coupon to your letterhead and mail to
ROURA IRON WORKS, INC.
1404 Woodland Ave., Detroit, Michigan

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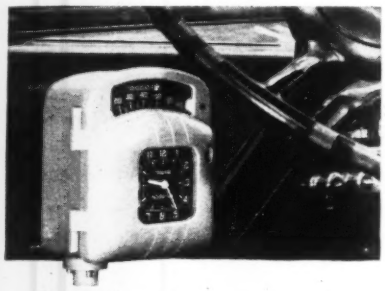
Tachographs provide constant supervision that can lower truck insurance costs for your company



Tachographs provide constant supervision, encourage safer driving habits . . . resulting in fewer reportable accidents and lower insurance rates.

Tachographs are recording speedometers . . . mount easily inside cab . . . automatically record, on wax-coated charts, the complete operation story: when started—stopped—idling time—speed—distance traveled—number of stops. Illuminated dials show time of day, M.P.H. or R.P.M., and total mileage. Red light warns driver when your predetermined speed is exceeded.

Tachographs are a sound investment in more efficient performance and maximum service from your fleet. These precision instruments earn added savings for you through reduced maintenance costs and elimination of lost time. Coupon below brings your copy of Bulletin SU-3 that describes the many advantages Tachographs offer you.

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Please send a copy of Bulletin SU-3.

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Company _____
Address _____
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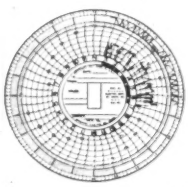
We operate _____ (NUMBER) Vehicles



S57-5

our complaints against the management."

But the contract didn't read that way. So a new era was born at that paper. Before too long there was a new union respect for management rights. The employer insistence that the unions meet their just obligations to the business, coupled with a demonstrated attitude of fairness to them, paid off in tangible ways—dramatically reduced absenteeism, for one.

That personnel director, and the countless employee relations managers who have never experimented with unprincipled temporizing, know that long-term successful business operation—not short-term "harmony"—is the first objective of management.

Some Basis for Caution

The McClellan Committee investigation has focused attention on employer victims of racketeers in the labor movement, who for good or poor reasons have refused to come forward and tell their stories to the authorities. Committee Counsel Robert Kennedy has publicly complained of "the little help which business has been to the Committee."

Local prosecutors have made the same charge. New York District Attorney Frank S. Hogan said last year, in a letter to Commerce and Industry Association of New York: "One of the chief obstacles in the fight to eliminate the labor racketeer is the unwillingness of employers to come forward with evidence of crime in their possession."

But this particular brand of employer knuckling under is only of tangential concern here and must be distinguished from the kind of conduct we have been discussing.

Small store owners, manufacturers, and other employers in many cities have been forced to pay off or otherwise submit to underworld operators who can and do play rough. The "or else" often is sufficiently real or ominous-sounding to dictate compliance.

There is no condoning any company's connivance with industrial gangsters. But it must be recognized that in some cases the possibility of personal, physical retaliation makes capitulation to racketeers a lot more understandable than the kind of management pussyfooting earlier described.

To run a four-man stationery store and submit to the orders of labor goons without public complaint is

one thing. To run a giant corporation and decide it would not be prudent to testify for a management organization in support of the Taft-Hartley Law is quite another.

Even in the latter case it must be acknowledged that the temptation to exercise extreme caution sometimes is very real. The ability of a union to inflict serious damage on a particular company's competitive or profit position is something with which the executives of that company must reckon.

One of the harsh facts of business life is that unions sometimes have it in their power—the auto industry is a good example—to make or break a company at will. The smaller car manufacturers have had to plead with the Auto Workers for contract concessions to make it possible for them to stay in business in their hotly competitive market. The union agreed in 1955, for instance, that American Motors could defer starting its payments to the supplemental unemployment benefits fund for 15 months, so as to put that concern on a better footing in the industry. It *could* have said no.

So, in deploring management's extreme wariness in labor matters, we must not make light of the real basis that frequently exists for such caution.

But Consider Results

The persuasiveness of this argument notwithstanding, it is submitted that many employers had better take a good hard look at the consequences of their proneness to turn tail and scurry for cover.

Clearly, sound balance cannot be achieved in our statutes defining the rights of labor and management if employers don't press their full case out of fear of the retaliatory potential of the unions. Who has heard a union spokesman plead for less than his organization honestly thinks it should have, because of hesitation to displease the NAM, the U.S. Chamber of Commerce, or his own industry?

Just as clearly, management's stature in day-to-day direct dealings with labor organizations will further deteriorate unless employers stiffen their spines. In fact, if more employers don't begin to exercise their right to speak their views and stoutly pursue their just interests in labor matters, the right itself may atrophy from disuse.

This folder costs less than a typewriter!

Ever figure the cost of hand folding? Wow!

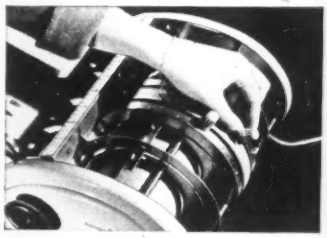
Folding a few hundred bulletins, form letters, statements, envelope enclosures, may not seem like much—but check the time it takes, and you may be surprised!

Hand folding is slow and tedious—a job nobody likes. It diverts your girls from more productive work. And it's unnecessary—thanks to the Pitney-Bowes Model FH!

Designed for the small office, it's simple, light, portable, can be used by anybody. You set it by moving two knobs, easy as tuning in a TV set. *And it costs less than a typewriter!* With semi-automatic feed, the FH can double-fold 8½ by 11 sheets at 80 per minute. Automatic feed, available at slight extra cost, gives it even higher speeds.

The FH can make eight different folds, handles sizes from 3 by 3 up to 8½ by 14 inches, and paper of most all standard weights and finishes. It can also fold stapled sheets.

With only occasional use, the FH soon pays for itself. Ask the nearest PB office for a demonstration. Or send coupon for free booklet.



Move two knobs on inch scales to fold widths wanted—and the FH is ready to go!

The larger Model FM, fully automatic, folds up to 19,000 sheets an hour.

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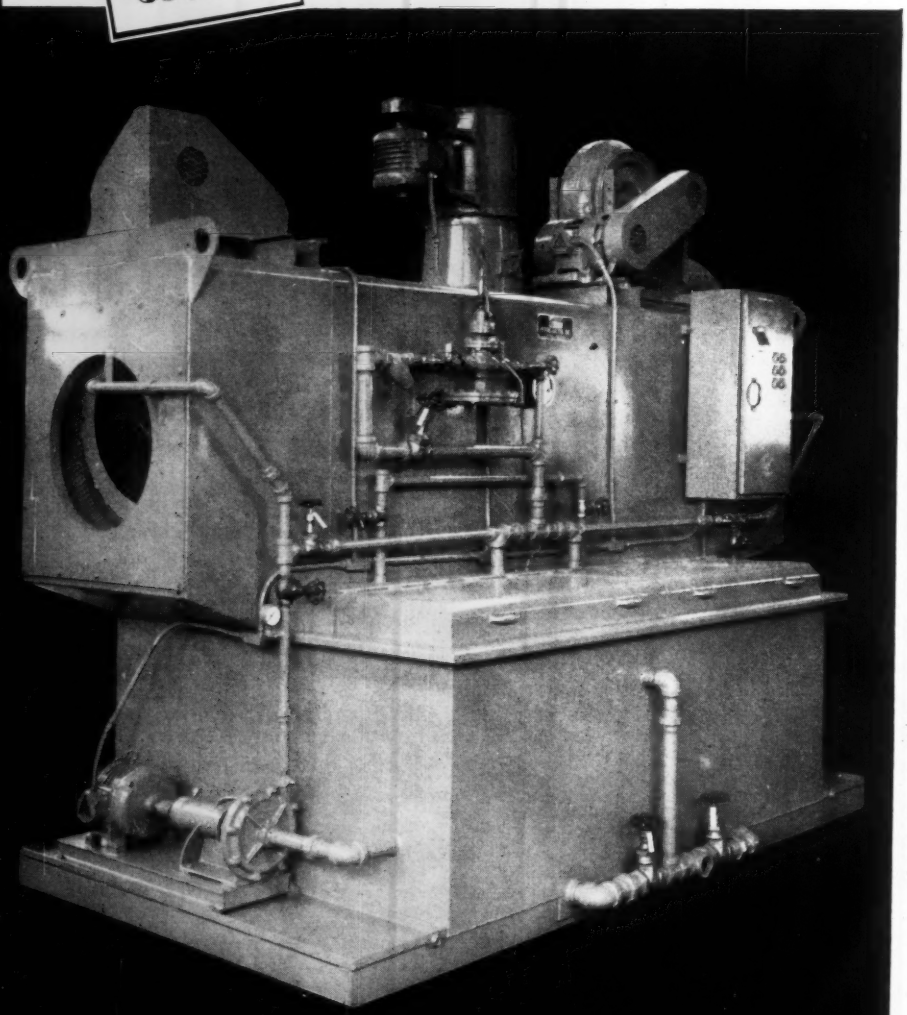

Typical of the numerous types of P-D Industrial Washing Equipment is this 2 Stage and Blow-Off Helical Drum Washer.

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What's new in molded plastics, foams, and films

Two more plastics coming up

Two brand-new families of plastics, promising greater toughness, heat resistance, and dimensional stability, are being readied for commercial introduction. One, called *Delrin* acetal resin, is a formaldehyde polymer that comes from Du Pont's research laboratories. The other, *Lexan*, (photograph, right) is a polycarbonate resin being developed by General Electric's Chemical and Metallurgical Division.

According to Du Pont, Delrin resins show a tensile strength of about 10,000 p.s.i. at room temperature, and do even better at lower temperatures. Melting point is about 350° F and heat distortion temperature (under 66-pound load) is 338° F. The resin is said to show good resistance to moisture, solvents, and abrasion, and can be extruded, injection molded, or blow molded. Suggested uses: bottles, gears, bearings, handles, pipe, wire coating.

Lexan's outstanding property, GE says, is its extreme toughness; but, in addition, it has a high melting point (above 500° F), good dimensional stability, low water absorption, and good electrical properties. Coil forms, appliance parts, containers, battery cases, and handles are among its possible applications.

Both materials are now in the laboratory evaluation stage, and plans for commercialization are still under discussion; but both look like materials that are well worth watching.

Fresh angles on product design

Though plastics have long been billed as "substitutes for metals," there are still plenty of opportunities to create new products and improve old ones by substituting corrosion-resistant molded and laminated

Strength of new polycarbonate plastics is demonstrated in this switch on the old strong-enough-to-support-an-elephant theme. GE's *Lexan* polycarbonates also are said to have unusual impact strength.

General Electric Company

Molded plastic transformer tank covers and bushings, now under test, may pave the way for one-piece unit far superior to the present porcelain-and-steel combination.

Monsanto Chemical Company

All-plastic fan of unusual design is made by Tru-Scale, Inc. First installations are in chemical laboratories, where the fan's corrosion resistance is especially valued; but its efficiency, durability, and relatively low cost should also make it welcome in woodworking and grain-handling plants, textile mills, and many other industrial installations.

wisdom comes with age

THE OLDER WE GROW, the more we know. This is not only true of people, but of companies, too . . . for a company is only as wise as the knowledge of its combined staff.

FOR 60 YEARS, PANAMA-BEAVER has matured steadily in its program to provide an "easier office-worker life." Since 1896, the company has learned to anticipate the needs of the commercial world before they arose. Among the first to recognize the important role of Vision-Engineered products, PANAMA-BEAVER's research department developed the easy-on-the-eyes Hypoint colored carbon papers plus Lustra Colorful Inked Typewriter Ribbons—especially created to harmonize with all paper stocks and letterheads. Another achievement—the Eyesaver, Parma Pearl and the NEW Ebony Unimasters (for spirit duplicating) with tinted jackets to avoid glare, relax the eyes, relieve harsh contrast and permit faster work.

EXCITING THINGS have already been charted for PANAMA-BEAVER's next 60 years . . . as you will find out when you call your PANAMA-BEAVER man, "always a live wire!"

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INVENTORY CONTROL SYSTEM

Know *what* you have, *where* it is and *when* you will need more! Regardless of the size of your business, inventory control enables you to get faster, more dependable results with substantial savings in work, time and money.

Ask the man from Acme to show you samples

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☐ We are interested in Acme Visible equipment for_____ records. B-757
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parts for standard metal construction. The two items pictured below are good examples.

Plastics experts emphasize, though, that it's rarely possible to take full advantage of the newer materials without redesigning products specifically for them. General Electric engineers note, for instance, that while the plastic tank cover and bushing pictured above conform to the standard shapes, the plastic will not be competitive with metal until it is redesigned into a one-piece unit. Then, ease of fabrication, elimination of painting, and resistance to mechanical damage may well make the plastic unit even less expensive in the long run than present constructions.

Better films for better packages

Plastic films that dissolve in water, and others that resist almost every known chemical . . . films that keep food from becoming rancid . . . shrinkable films . . . and films that are cheaper, stronger, easier to use —these are only a few of the new types introduced so far this year.

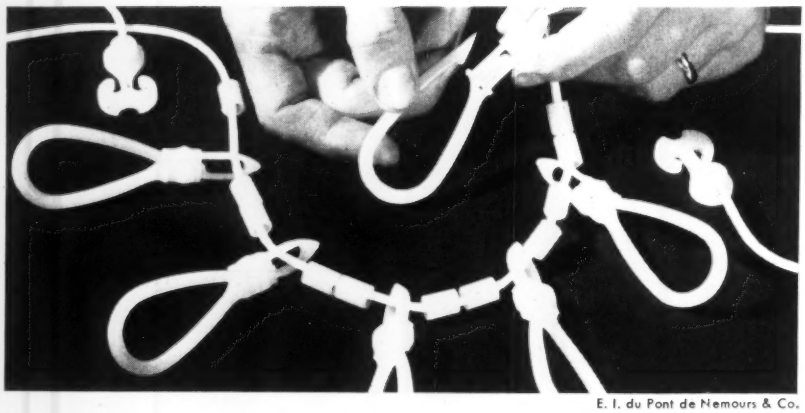
At the National Packaging Exposition, for example, Du Pont introduced three new types: a polymer-coated cellophane "with unique nonfogging properties," a heat-shrinkable form of *Mylar* polyester film for food packaging, and a polymer-coated Mylar that can be heat-sealed and is highly resistant to moisture-vapor penetration.

Water-soluble films aren't brand-new. Several types have been developed. But Mono-Sol Corp. believes its newest polyvinyl alcohol films are especially adaptable to high-speed packaging. Mono-Sol says they dissolve completely in water, yet are impermeable to gases, have unusual tensile strength, are fully transparent, and can be heat-sealed.

Daubert Chemical Company isn't saying what type of antioxidant coating it's applying to transparent packaging films to prevent food from becoming rancid, but it does claim that the coating's penetrating "vapor action" curbs staling and "assures protection throughout the package."

In addition to new types of film,

Consolidated Electrodynamics Corp.



E. I. du Pont de Nemours & Co.

From fishing to flying, molded plastics provide more efficient, longer-lasting products. Miniature connectors (upper photograph) take advantage of *Teflon's* electrical properties, resistance to extreme temperatures, and ability to stand vibration. Fish stringer (lower photograph) is molded in nylon because it is tough, light in weight, resistant to sea water.

Lone Star boat travels shipshape in corrugated cartons fastened with Bostitch staples

Huge stapled carton cuts boat packing time 50%

Even in Texas, where you expect things on a grand scale, a corrugated carton big enough to hold a boat is *big*.

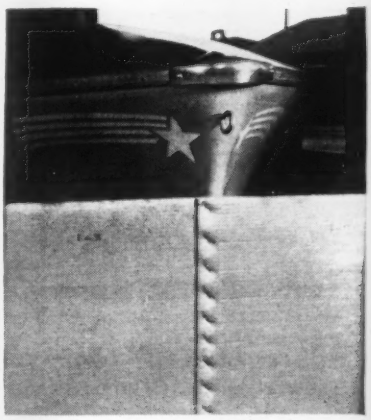
A Texas boat builder wanted to replace heavy wood crates for packaging 14-foot boats. He preferred the smooth surface of paperboard, so the boats' finish wouldn't be marred. But he had to have strength enough to support the boat's ¼-ton weight. Rugged Bostitch staples solved the problem.

The carton — biggest the box manufacturer makes — arrives flat with its center seam already securely stitched with a Bostitch stitcher. Then using Bostitch staples, boat packers form the corners and join the telescoped sections. Finally, corrugated cushions are installed and bottom and top sections stapled together. This is all done in *half* the time needed to nail a wooden crate.

The boat company likes the Texas-size assembly and freight savings of stapled cartons. Dealers like the way stapled cartons protect the boats. Of 3000 shipments, 2998 arrived in perfect condition. The other two were only slightly marred.

Your fastening problem needn't be *this* big for big savings. There are 800 Bostitch models to save time and money in home, factory and office.

A call from you will bring one of 375 Bostitch Economy Men located in 123 cities in the U. S. and Canada, who will be glad to show you how.



Center joint of the huge container has been pre-stitched at the container factory with a fast, automatic Bostitch stitcher

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I want to fasten: ☐ corrugated board ☐ cartons ☐ fabric ☐ leather ☐ plastic bags ☐ wood ☐ roofing ☐ rubber ☐ light metals

Name _____

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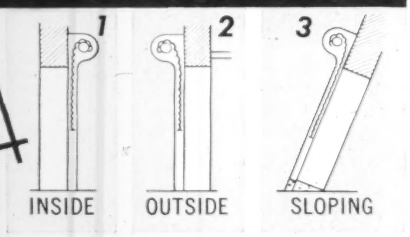
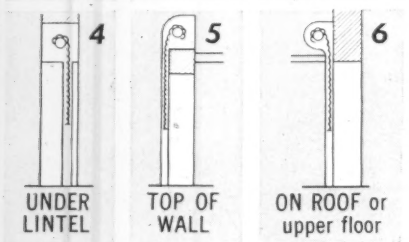
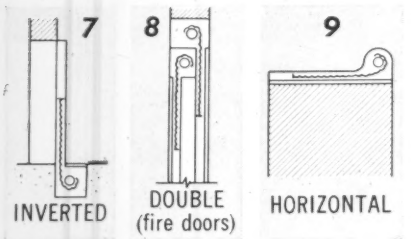
Quick Guide to Kinnear Door Versatility



Kinnear Steel Rolling Doors

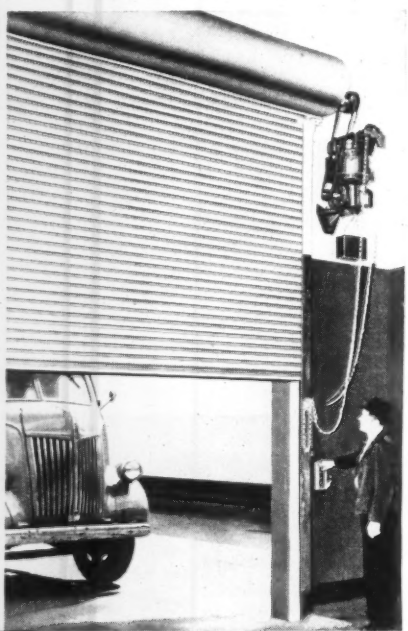




Whether your door needs are standard or special, Kinnear Rolling Doors offer you more efficiency *more different ways* than any other type of door. For example, the coiling upward action of Kinnear's interlocking steel curtain can be applied:

1. Mounted on inside wall; coils overhead.
2. On outside wall; leaves ceiling clear.
3. Sloping doorway (chutes, hoppers, etc.).
4. Hood under lintel or concealed in wall.
5. Hood above lintel or on top of wall.
6. Hood above roof or upper floor level.
7. Inverted mounting (coil below door sill).
8. Kinnear Rolling Doors (automatic fire type) on both sides of wall for maximum fire protection.
9. Horizontal mounting (openings for observatory, ventilator or similar eqpt.).

In *every* installation, Kinnear Rolling Doors open *out of the way* . . . need no usable space for either storage or operation . . . give extra protection against fire, theft, wind, weather or vandalism. Extra heavy galvanizing assures corrosion-free durability. Built any size. Motor or manual operation. Write for full information!



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there are several new aids for film-users. Du Pont, for example, has a slide calculator which makes it easy to compare the physical properties and cost of Mylar with that of other materials. American Viscose offers two large, easy-to-read posters that emphasize key storage and handling rules for cellophane, which itself is available in many new forms.

Foams will be lighter, cheaper

New plastic foams of the isocyanate type are being readied for applications ranging from furniture padding and rug underlays to thermal insulation and shock absorbers for automobiles, aircraft, athletic equipment, and instrument packaging. These are polyether foams, closely related to the polyesters, which have been used for most of the commercial sponge and padding materials so far introduced, but differing in several important properties.

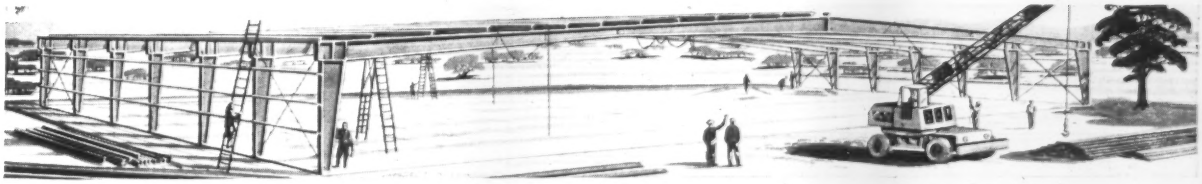
According to Armstrong-Norwalk Rubber Corporation, one of several companies now working with polyether foams, the new materials exhibit good resiliency—even at low temperatures—good tensile and tear strengths, and good abrasion resistance. They resist oxygen, ozone, and sunlight. Armstrong notes, though, that many polyethers cannot stand live steam or dry-cleaning solvents.

At present, the polyethers are comparable in cost to the polyesters. In the future they may be considerably less expensive, both because materials costs promise to be lower and because the foams can be made in lower densities.

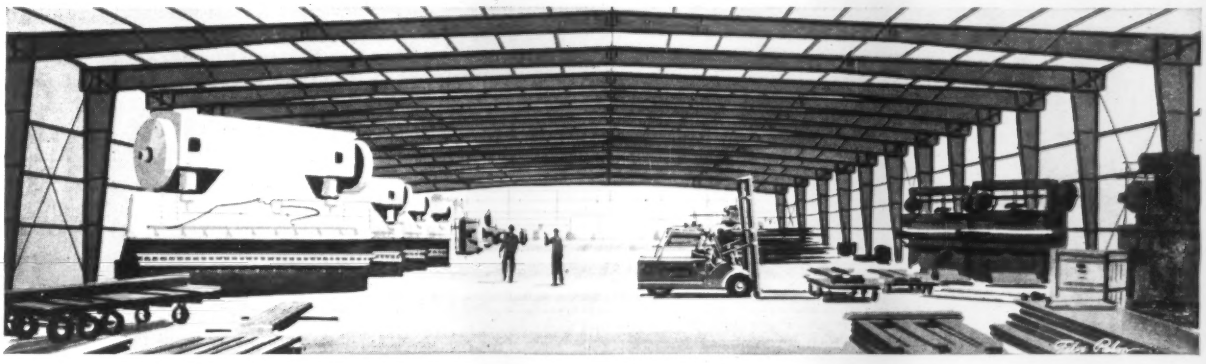
Facts and figures are ready

Welcome back after five long years is *Technical Data on Plastics*, the definitive manual published by the Manufacturing Chemists' Association. It covers 25 types of materials, gives mechanical and chemical properties and fabrication data, much of which is new, reflecting the great progress that has been made in this field since the last edition was published (in 1952). The new volume, priced at $3.25, may be obtained from the MCA, 1625 Eye St., Washington 6, D. C.

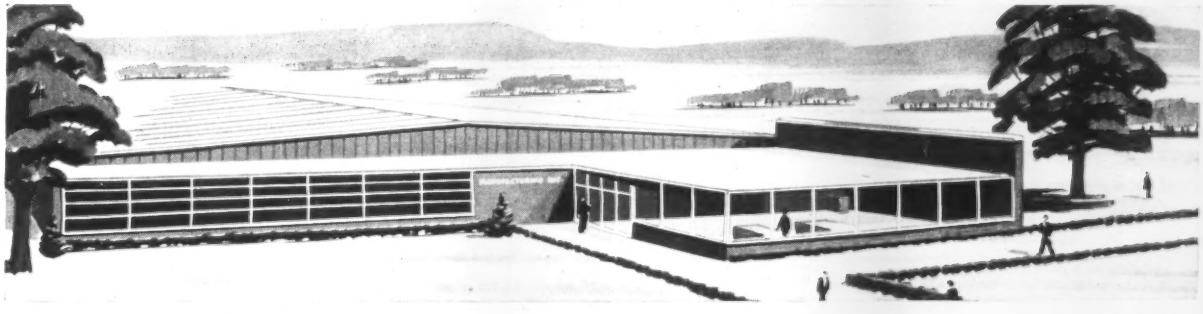
—A. R. G.



100 foot clear spans for



efficient production layout plus



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Your factory can be all-metal or architecturally styled. With the flat-roof appearance it's as modern as today's newest architecture. For the full story on Butler's building program, call your Butler Builder. He's listed under "Buildings" or "Steel Buildings" in the Yellow Pages. Or write us direct.

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For more than ten years, the familiar little trademarked figure of Reddy Kilowatt has been doing a selling job for electric companies on the surface of this business gift Zippo. *Zippo can do the same for your trademark!*

You can see from the honorable marks of use how the owner keeps his Zippo lighter constantly with him. Each time it sparks into flame, the business message flashes into view . . . an estimated *73,000 times to date for a single lighter.*

That's the kind of impact that can help your business, too! And at a small fraction of a cent per impression. Just have your trademark emblazoned in full, rich color on the gleaming surface of a Zippo. Zippos light so easily and faithfully that they are used for years. The man you give a Zippo to will never give it up! Send coupon now!

ZIPPO®

Zippo Manufacturing Company, Bradford, Pa.
In Canada: Zippo Manufacturing Co., Canada Ltd., Niagara Falls, Ont.

ZIPPO MANUFACTURING CO.
Dept. D-1127, Bradford, Pa.

Please give me full information about business gift Zippos.

Name _____

Firm _____

Address _____

PRODUCT PUBLICITY
continued from page 44

2. Use your full company name at least three times in the first two paragraphs.

3. If you must mention applications, do not be specific. For example, do not state that your product is a control device for double-deck vertical twisters. Just note modestly that this remarkable and unique mechanism has broad and important applications in the textile industry.

4. Always quote your company's executives. You should include comments from at least two executives on the national importance of your latest product modification. For best effect, these should be used early in the release, preferably in the first or second paragraph. But do not identify the executive completely. You know him as Bill Williams; why bother with full first name and middle initial? And if any editor doesn't know that Bill is president of the company, he should.

5. Put opinions in the editor's mouth. The simplest way to do this is to include a quotation on the product's virtues without the quotation marks. A more subtle method is to make lavish use of adjectives such as "important," "unique," "best," and "revolutionary." Some publicists, who believe redundancy is helpful, try to include the phrase "most unique" in every release.

Don't discount the appearance of your release. Make it really unusual. Use your imagination, and remember that the basic aim is to stay as far away from standard editorial procedures as possible. Some obvious devices are: single-spacing of material; paper in some size other than 8½ by 11 inches; and unnumbered pages. One method employed by a few companies is to emphasize certain words by printing them in a different color.

The Photograph Pitfall

Photographs can be dangerous; if possible, you should avoid sending them with your releases. You must, however, convince editors that you understand their needs. For this reason, properly prepared photos may be used occasionally.

The perfect product photograph is stripped of action and includes nothing that can be used for size comparison. It's important, also, to place

couldn't put bills out as fast as the Burroughs Miracle Multiplier

The Burroughs Miracle Multiplier eliminates two out of three billing steps by:

1. Computing and typing a complete invoice in one easy operation.

2. Computing by direct multiplication —much faster than by repeated addition.

3. Printing price and amount side by side simultaneously. No need for checking entries and calculations—proof is automatic.

Do you need faster billing? See a demonstration at our branch office. Or write Burroughs Corporation, Detroit 32, Michigan.

BURROUGHS MIRACLE MULTIPLIER

World's Fastest Billing Machine

"Burroughs"—Reg. TM.

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BOARDMASTER VISUAL CONTROL

- ☆ Gives Graphic Picture— Saves Time, Saves Money, Prevents Errors
- ☆ Simple to operate — Type or Write on cards, Snap in Grooves
- ☆ Ideal for Production, Traffic, Inventory, Scheduling, Sales, Etc.
- ☆ Made of Metal Compact and Attractive. Over 150,000 in use.

Full price $49.50 with cards

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Use our employees at low hourly rates.

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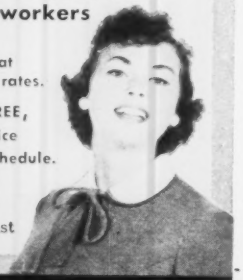
Over 107 offices coast-to-coast



manpower, Inc.

MANPOWER, INC.
820 N. Plankinton Ave., Milwaukee, Wis.

Please send me complete information on your temporary help service and a vacation schedule.

Name.....

Address.....

City..... State.....

the product before a distracting background, use flat lighting, and photograph from directly in front.

Whether or not to include people in your photograph is a difficult question. This can be a pitfall, since people attract the editor's eye. Pretty girls are out—unless your release is going only to engineering society magazines or scientific journals.

If you do decide to include people, make sure you have more than two. Pose them so that it will be impossible for the editor to crop the photo to one- or two-column size. Then he will have to give it a lot of space or none at all. Faced with this choice, most editors will take the latter alternative.

One photograph considered a classic in the field was distributed by a machinery manufacturer. Over a caption explaining that a new product had been revealed to the company's dealers was a photograph of four men, back to the camera, completely blocking out the machine.

Once the photograph is ready, pay attention to mechanical details. Do not attach the caption in such a way that it can be easily removed. Or, if you prefer, arrange for the caption to come off easily, leaving no identification on the print. You can, of course, mark the photograph with a code number. This should be done with a sharp pencil on the back, so as to mar the glossy surface.

Secrets of Shotgun Mailing

Extensive mailing is the basic method of not getting product publicity. Your mailing list should never be reduced or reviewed for address corrections. Always be on the lookout for ways to add to it. This insures that the editor will get plenty of material of no direct interest to his readers, thus encouraging the "destroy before reading" attitude.

Additions to the mailing list should not be indiscriminate, however. Avoid media that may have a basic interest in your activities, such as publications located in cities where you operate plants. But as long as they do not fall in the plant-town category, it's a good idea to add

ARE YOU SUCCESSFULLY NOT GETTING PRODUCT PUBLICITY?

Measure your own non-publicity activities. Check the appropriate column and then rate yourself according to the instructions that follow the last question.

	Always	*Usually*	*Sometimes*
1. Do you distribute press releases at least four times a week?	☐	☐	☐
2. Are your releases devoid of special interest, such as local angle?	☐	☐	☐
3. How often do you balloon an exclusive story into a general release?	☐	☐	☐
4. Is the product name and application buried in the release?	☐	☐	☐
5. Do you by-pass the local correspondent?	☐	☐	☐
6. Are extensive quotations from your executives included in your releases?	☐	☐	☐
7. Does your press material go to your full mailing list?	☐	☐	☐
8. Are samples of your products available only on 30-day notice?	☐	☐	☐
9. Do you impress editors with the amount of advertising your firm does?	☐	☐	☐
10. Are you careful to remind reporters of the obligation they incur by accepting a few free drinks, or a canapé or two?	☐	☐	☐

How to Score: Give yourself 15 points for every *Always;* 10 points for *Usually;* and 5 points for *Sometimes.*

How You Rate:

135–150: Excellent. Only a bare minimum of your material is getting printed.
110–130: Good. You're ready to hold a press conference.
80–105: Fair. You still have a lot to learn.
50– 75: Terrible. Too much of your material is getting printed. Start today to improve yourself. Call the editor of a magazine in which your firm advertises. Tell him you're going to stop advertising if he doesn't start using more of your material.

(ADVERTISEMENT)

Special Reports On Finishing Non-Ferrous Metals

NUMBER II—Paint Base, Corrosion-Resistant Finishing with Iridite

WHAT IS IRIDITE®?

Briefly, Iridite is the tradename for a specialized line of chromate conversion finishes. They are generally applied by dip, some by brush or spray, at or near room temperature, with automatic equipment or manual finishing facilities. During application, a chemical reaction occurs that produces a thin (.00002" max.) gel-like, complex chromate film of a non-porous nature on the surface of the metal. This film is an integral part of the metal itself, thus cannot flake, chip or peel. No special equipment, exhaust systems or specially trained personnel are required.

Chromate conversion coatings are well known and accepted throughout industry as an economical means of providing corrosion protection, a good paint base and decorative finishes for non-ferrous metals. However, continued developments have been so rapid and widespread that many manufacturers may not be completely aware of the breadth of application of this type of finish. Hence, this digest of current information; to bring you up to date on the many ways in which you can obtain proper surface preparation for painting and increase product durability with a single multi-purpose chemical pretreatment. Report I on decorative, corrosion-resistant finishes and Report III on chemically polished, corrosion-resistant finishes are available on request.

First, it is an accepted fact that metal surfaces should be prepared before painting to make possible an efficient paint system. Naturally, this preparation should provide for good initial paint adhesion. Chemical treatments have proved extremely effective in this respect, particularly those of a neutral or preferably acid nature. Further, to be most efficient, chemical treatments should provide a non-porous barrier to maintain adhesion by sealing the metal from the paint and moisture. They should also provide a self-healing film which prevents lateral corrosion in the event that bare metal is exposed through scratching.

The Iridite chromate conversion coatings meet all these requirements. Iridite is a chemical conversion treatment for surface preparation. It provides initial paint bonding by molecular adhesion. It is acid in nature and produces a film that is gel-like and non-porous in structure. Thus, the Iridite film effectively seals the metal from the paint and from moisture penetration. Because the film contains certain relatively soluble constituents, it will protect areas scratched through to bare metal and prevent lateral corrosion. This is accomplished by a gradual leaching of these constituents into the damaged area.

Further, because of its gel-like, non-crystalline nature, the Iridite film will not affect the appearance or texture of the paint film, nor will it dust or powder to mar the painted surface. Because the film is non-porous, paint coverage is increased, thus substantial savings in paint costs will be realized. In addition, treated parts may be stored for long periods of time prior to painting without the risk of entrapped moisture causing blistering when painting.

Iridite chromate conversion coatings are widely used with equal ease and success under both baked and air-dried paint systems. While the actual adherence properties of the Iridite film do not increase appreciably with its thickness, corrosion protection does. The protection of the Iridite film is proportionate to its thickness and should be taken into consideration when selecting the Iridite to meet your needs. However, it is sometimes necessary to sacrifice maximum corrosion protection for appearance when a finished part is to be only partially painted. For example, it may be desirable to use a thin, clear, bright Iridite film if the unpainted areas must present a chrome-like appearance. A typical case is that of instrument housings on which the exterior is painted and the inside left unpainted.

On the other hand, if all surfaces of the product are to be painted and maximum corrosion protection is required, the heavier and most protective Iridite films should be used. For example, all surfaces of zinc die cast fruit juicers are finished with a highly protective Iridite film prior to painting to provide maximum resistance to the corrosive action of fruit juices.

Iridite finishes are now available for all commercial forms of the more commonly used non-ferrous metals, including zinc, cadmium, aluminum, magnesium, silver, copper, brass and bronze. In addition to providing an excellent base for paint, the Iridite films also have high decorative value when used as final finishes in themselves.

These films can produce a wide variety of pleasing appearances including clear bright, iridescent yellow, bronze, olive drab and brown. In addition, many films can be modified by bleaching or by dyeing. Among the dye colors available are various shades of red, yellow, green, blue or black.

In planning or designing, you should consider the many other characteristics of Iridite finishes which may enter into the specific problem. In addition to their functions as protective and decorative finishes, and as bases for organic finishes and bonding compounds, Iridites have low electrical resistance. Some can be soldered and welded. The film does not affect the dimensional stability of close tolerance parts.

Iridites are widely approved under both Armed Services and industrial specifications because of performance, low cost and savings of materials and equipment.

You can see then, that with the many factors to be considered, selection of the Iridite best suited to your product requires the services of a specialist. That's why Allied maintains a staff of competent Field Engineers—to help you select the Iridite to make your installation most efficient in improving the quality of your product. You'll find your Allied Field Engineer listed under "Plating Supplies" in your classified telephone book. Or, write direct and tell us your problem. Complete literature and data, as well as sample part processing, is available. Allied Research Products, Inc., 4004-06 East Monument Street, Baltimore 5, Maryland.

WHY DON'T I MIND MY OWN BUSINESS!

TRUCKS are OUR business! Put all your time, worries, capital into YOUR OWN business!

Your local NTLS member-company will handle all details . . . maintenance, licensing, insurance, the other hundreds of headaches, *and furnish capital!* Full-service NTLS truckleasing furnishes everything but the driver. You "own" your fleet of fully-maintained trucks with a single invoice. ReLEASE yourself from "truck trouble." Write for folder.

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TRUCK LEASING SYSTEM
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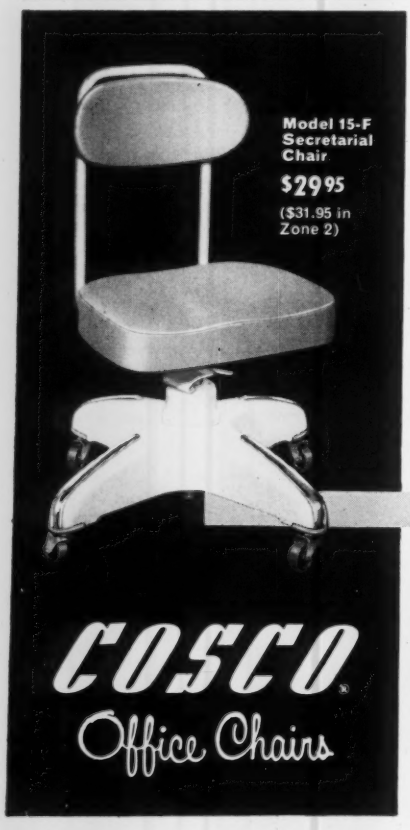
Members in principal cities



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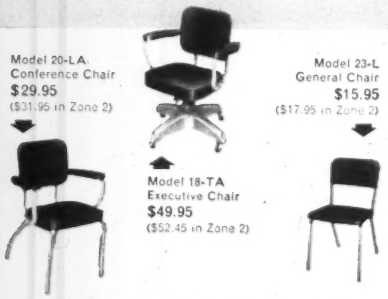
COLUMBUS, INDIANA



(Zone 2: Texas and 11 Western States.) Copyright, 1957

weekly newspapers to your list. The chance that a newspaper editor in a town with a population of 3,500 will use material prepared along the lines suggested in this article is very slim.

Knowing the right man to whom to direct your material is helpful. Almost every magazine has a new products editor, and you must be scrupulously careful to keep his name off your list. Another man to avoid is the "best man" or local correspondent. By sending your material directly to the editor, you can usually pique the by-passed correspondent enough so that he will ignore you completely.

A neat device is the "double plant." Send the same release to two different editors on the same magazine or newspaper. When they both use your story in one issue, you have arrived. It will be a long time before they will think of publishing your material again.

As an occasional change of pace from shotgun mailing, try *exclusives.* This is a valuable technique when you have a product story of interest to many people. By giving it to one editor alone, you endear yourself to all his competitors.

Choosing the editor to whom you offer an exclusive can be troublesome. A simple solution is to send the story to a number of magazines. Note in an accompanying letter that the magazine that guarantees to give it the most space will get it.

Timing can also be important when distributing product publicity information. If you can't arrange to release your material to coincide with a major news event, you can

"I'm sure Mr. Morgan won't mind if my assistant watches me while I 'land' him."

time it to arrive with the weekend mail on Monday.

Familiarity with the press times of all media that might use your material will help you here. One sound rule is to mail material on Saturday marked for release the next Thursday. It will arrive Monday in the weekend mail and will be timed so that weekly publications cannot use it for at least ten days. With this delay, the news angle will be weakened considerably. If you're lucky the release may even get lost.

Coercion Conquers All

Your job of not getting product publicity is by no means done when you have mailed the release. Good follow-up is necessary to prevent the editor from publicizing your product.

Follow-up can be carried out in many ways. The simplest approach is to call the editor once a day to check on the fate of your material. Tell him if he doesn't give you a play, you'll get in touch with the publisher or station owner.

Pressure can also be applied more directly. Your advertising program will help you get excellent results. Write or call the editor and explain that you're a good advertiser and you expect him to give you plenty of free space. Some publicists attach memos to their releases explaining that they are considering advertising in the magazine.

Another way of pressuring media is to offer a gift. Don't send this at Christmas or any special occasion—your intentions might be misunderstood. Instead, call the editor and ask him what brand he wants in that case of Scotch you're going to send after the story runs. This is not only effective—it saves you the price of the gift.

A drawback to gift and advertising coercion is that some media will give in and actually use your material. Don't worry about this. Any editor who yields to this kind of pressure won't be around long.

Other Paths to Success

While the handling of the press release and other forms of printed material is the basis of any non-publicity program, a number of other possibilities exist. Two areas that must be watched carefully are trade shows and word-of-mouth publicity.

The trade show or exposition has

look beyond the price . . .

you'll see that you get the most for your money in

MATHEWS CONVEYERS

A push button order filling system in which an operator at a control console directs the flow of material from 66 storage lines. Photo courtesy of Gallo Sales Co.

Most plant operating people, when they buy conveying systems, are looking for the equipment that is best for **their** plant—equipment that is designed to meet their individual requirements. They are looking beyond the price . . . looking to quality—to dependability. Mathews engineers have been designing and building conveying systems for over 50 years, and a great amount of this equipment has been applied in metalworking plants. This is why operating people everywhere have an extra measure of confidence in Mathews equipment—and why you see Mathews Conveyers in metal-producing and fabricating plants everywhere.

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Speed Machinery Installation

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All these advantages are yours, and vibration and noise control, too, with Korfund machinery mounts. We'd like to send you case histories, guide bulletins—a veritable library of machinery mounting information. Write today, mentioning Bulletin 51.

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The MOST COPIED
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FINGER TIP CONTROLS INCLUDING DYNAMIC BRAKE TO ELIMINATE "PLUGGING" THE MOTOR GOING DOWN RAMPS, AND "ARTICULATED" CONSTRUCTION ADJUSTS TO UNEVEN FLOORS. STEERS EASILY AND WORKS IN LESS SPACE BECAUSE OF THE DUAL WHEELS & DIFFERENTIAL DRIVE!
HOW ABOUT MAINTENANCE?
SNAP THE LATCH AND LIFT OFF THE COVERS - YOU DON'T EVEN TAKE THE MOTOR OUT TO GET AT THE BRUSHES, AND THE DISK BRAKE HAS A SIMPLE SCREW ADJUSTMENT
WRITE FOR OUR FREE TRUCK INDEX OF GO-GETTER ELECTRIC AND RED GIANT HAND LIFT TRUCKS

REVOLVATOR CO.
8702 TONNELE AVE., NORTH BERGEN, N. J.

a strange ability to attract reporters and editors. If you can't convince your sales departments that they should stay out of these affairs entirely, you can always take certain steps to black out your booth and eliminate all possibility of publicity:

1. Admonish all booth personnel to ignore anyone with a press badge. This is easy if you emphasize that reporters don't place orders.
2. Never place any material in the press room.
3. Keep all members of the publicity department away from the show.

The Dangerous Employee

Combating word-of-mouth publicity can be extremely difficult. The first step, however, is to make sure that the basic sources are kept as ill-informed as possible. The major leak, treacherously enough, is your employee. While you cannot stop him from talking, you can take great care that he doesn't know what he's talking about. For example, keep product information out of your house organ and off bulletin boards.

The mere size of most product lines is in your favor. While a salesman may know a great deal about the particular products he sells, you can make it extremely difficult for him to find out about the other products you make. This will keep his sales calls from getting out of hand.

A publicity area that is connected with word-of-mouth is "tie-in"—for example, use of your products in supplier advertising and in magazine articles. To avoid the first of these hazards, have your purchasing department post a notice explaining that the company does not permit its products to be used in advertising without approval from the public relations department. If, despite discouragement, some supplier remains eager to put your product into his ad, insist on editing the copy heavily (especially the parts that don't concern your product), and demand that the photo be retouched to make your product look more glamorous. If treated properly, a supplier will try to get your approval only once.

Remember that tie-in is possible only if you make your product readily available. If you manufacture a line of consumer products, you are especially likely to have trouble with service and shelter magazines as well as with advertising agencies and commercial photographers. A saving point in this area is that most of these operations are conducted in New York City and usually need samples on 24- to 48-hour notice. You can stop them cold by agreeing to ship all the samples they want from your Midwestern plant.

Once you are certain you have mastered and absorbed the basic tenets of how not to get product publicity, you will want to call a press conference. Bringing together in one place a large number of representatives of the press is the perfect way to put all your knowledge to work.

Getting your audience the first time is not difficult. Choose a fairly minor product to announce, and then send out your invitations. Try to make sure each member of the press arrives expecting a major news story.

The principal ingredient of the press conference is the executive speech. If possible, have two or three executives talk about your firm's brilliant future for at least fifteen minutes apiece. Equip each with a bright little remark about reporters' affinity for cocktails. This always goes over well, especially with the business and technical editors.

Play down the product. Prepare all photographs or releases carefully. Above all, keep your technical people away from the meeting. They are too willing to explain what the product is and how it works.

As a final touch, have your president close the meeting. He should emphasize your large advertising budget and the need for reporters to feel indebted now that you've bought them a couple of drinks and lunch.

Develop the Proper Attitude

More than anything else, you must develop the proper personal attitude. Not getting product publicity is a long-term project. Glamorous as it may seem to the layman, the profession is one of dreary details. Remind yourself constantly that you are a student of a new science that will eventually have a remarkable effect on American business.

Your reward will come some day. The editor of a major periodical will write you a brief note asking you to remove his name from all your mailing lists. When this happens, you can sit back and smile, in the knowledge that you have joined the little company of the true masters.

American Cable & Radio System
"Via All America"
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To Telephone a Message or Call a Messenger
Whitehall 4-3100
OR ANY BRANCH OFFICE
FOR INFORMATION REGARDING THIS MESSAGE TELEPHONE
AND ASK FOR CUSTOMERS SERVICE BUREAU
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MARK YOUR REPLY "VIA ALL AMERICA" or "VIA COMMERCIAL" or "VIA MACKAY RADIO"
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COFFEECOY NY
5000 BAGS X/SPLENDOR CONFIRMED PRICE STATED YOUR CABLE
CAFESIG

It takes a lot of communication to make a good cup of coffee...

Between coffee grower, roaster and your breakfast table lie thousands of miles of ocean and mountain terrain ... and thousands of words of business transactions, market reports and shipping instructions.

The pulsing thread that "delivers" your pound of coffee is made of submarine cable, radiotelegraph, and ship-to-shore radio—networks of modern communication operated by American Cable & Radio Corporation, through the cooperation and farsightedness of our good-neighbor governments in the coffee lands.

AC&R, an associate of International Telephone and Telegraph Corporation, is the largest American-owned international telegraph system. It provides direct cable and radiotelegraph circuits linking the United States and the principal countries of Central, South America and the West Indies, Europe, Africa, the Middle and Far East. The movements of coffee, together with other vital commodities and thousands of items in commerce are speeded by these communication "lifelines."

Since the first cables were laid ... more than three-quarters of a century ago ... AC&R has contributed to the economic growth of many lands. Through its subsidiaries, Commercial Cable Company, Mackay Radio, and All America Cables and Radio, Inc., backed by the world-wide manufacturing and research facilities of IT&T, it offers the finest in international communication services.

IT&T

INTERNATIONAL TEL AND TEL

INTERNATIONAL TELEPHONE AND TELEGRAPH CORPORATION, 67 Broad Street, New York 4, N. Y.

For further information address American Cable & Radio Corporation, 67 Broad Street, New York 4, N. Y.

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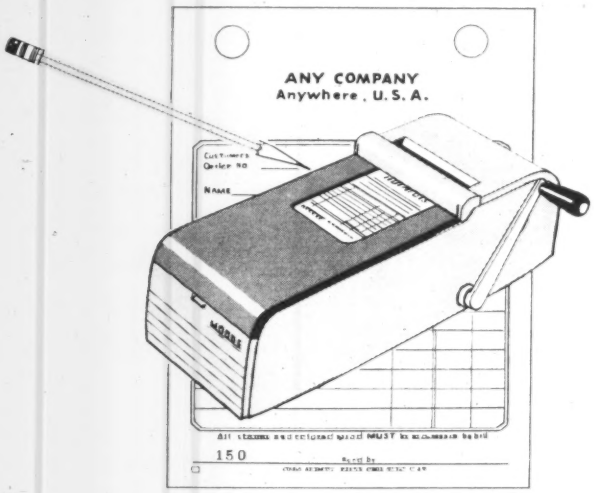

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In all cases, Moore Registers are engineered for easy handling and simple operation. Forms are always carbon-interleaved, ready to write.

The Register is only one of hundreds of ways Moore can help you record information efficiently. Whether your business is large or small, it costs you nothing to learn if a better system can be developed for your office procedures. Call or write the Moore man—he's in the telephone directory.

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New films feature packaging, selling techniques, oil prospecting

Improving retail sales

Last year in 1 million retail stores 5 million sales people sold over $190 billion worth of goods—a figure equivalent to almost one-half of the gross national product.

You Are the Star (33 minutes, b&w) effectively illustrates techniques for increasing salesmanship in the store. Produced by Caravel Films for Allied Stores Corporation, the film, which was shot in a modern department store, emphasizes human problems in actual selling situations.

The film is built around five major points:

1. A slow and indifferent approach is the best way to make a potential customer walk away. Be friendly, sincere, and prompt in your greeting.

2. Ask the right questions, listen attentively, and act decisively. Find out the customer's real needs.

3. If you're not interested in the merchandise you're selling, it's a cinch the customer won't be either.

4. Recommend better merchandise, bigger quantities, related items.

5. Help the customer make a decision—and follow through efficiently.

You Are the Star is being distributed by Caravel Films, Inc., 730 Fifth Ave., New York 3.

Profitable packaging

Designed to Go Places (25 minutes, color) utilizes the best elements of the sound film medium to produce a promotion film that is at the same time an interesting documentary.

In itself, the subject—uses and advantages of paperboard in modern packaging—is not one of general interest. But by tracing specific packaging problems that arise in the research lab or in transportation, the film manages to dramatize them. The use of on-location sound in the presentation of actual factory processes is especially effective.

Produced by Ralphael G. Wolff Studios, Inc., the film will be available on limited loan from the sponsor.

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Low-Cost Liquid Honing
V-B
removes heat-treat scale fast . . .
blends out grind lines and produces a smooth non-directional surface for good oil flow . . .
clears away mill scale, rust, welding and heat discolorations.
Dollar for dollar, job for job, no other surface-conditioning method can equal Liquid Honing.
Liquid Honing "smog" — fine abrasive material in suspension — does surface conditioning, cleaning, descaling and deburring. Production speed is incomparable, so you can expect savings up to 80% in some cases. Liquid Honing maintains close tolerances and improves surfaces. Write for details or send a sample part for free demonstration processing.
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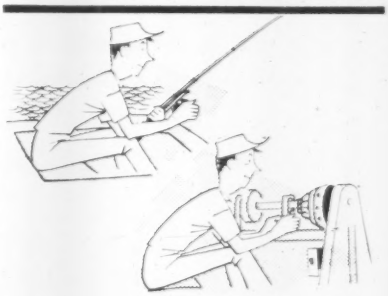

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South American oil

Assignment: Venezuela (24 minutes, color) is an attempt by the Creole Petroleum Corporation to provide a picture of the company's operations in Venezuela.

How a young American petroleum engineer adjusts to life and work on a foreign assignment forms the film plot. Because it portrays Venezuela almost entirely from a company standpoint, the film is more a promotion job than a documentary. However, much of the photography is excellent.

Produced by Sound Masters, Inc., the film is being distributed by Modern Talking Picture Service, 3 East 54th St., New York 22.

New sound slidefilms

The vast difference that often exists in the performance of different employees working under the same conditions is persuasive evidence of the need for sound human relations practice by supervisors in industry.

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In the AUGUST issue:
Radiation Processing Today—and Tomorrow

and pieces in which he sees no connection to the total operation.

2. The supervisor must concentrate on developing a positive group attitude. This largely determines individual interest.

3. The supervisor should encourage group participation in planning and decision-making.

4. Despite group attitudes, the supervisor must be careful to treat each of his subordinates individually and not just as an employee.

These points are well documented, and a trainer's guide accompanies the film. Originally produced for Esso Standard Oil Company, the film is now available for sale from the producer, Henry Strauss & Co., Inc., 31 West 53rd St., New York 19.

No matter how much he knows about his product or service, a salesman can't be really effective if he doesn't know what's going on in the buyer's mind and what to do about it.

This concept led the Dartnell Corporation to produce *Human Relations in Selling*—a set of five sound slidefilms in color, aimed at putting the salesman in the buyer's shoes.

The units cover these five areas:

1. Creating the atmosphere or mood favorable to closing the sale.
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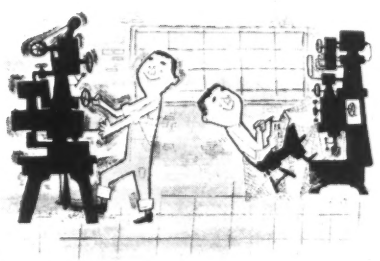
3. Getting the buyer to hear you and value what you tell him.
4. Making sure the buyer understands and believes what you say.
5. Overcoming the buyer's doubts and getting him to act.

Produced by Jam Handy, the kit is available only on sale from the Dartnell Corporation, Ravenswood and Leland Aves., Chicago 40, or in the East from the Donnelly Institute, 509 Fifth Ave., New York 17.

—G.A.



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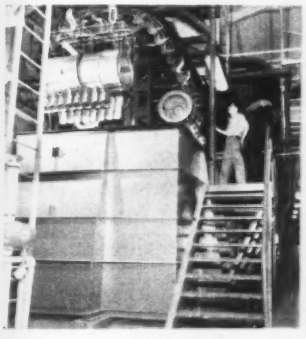

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THE PRESIDENTS' PANEL

continued from page 32

Organizational problems are the chief headache of one in ten presidents. And one-fifth of the men worry primarily about such a variety of problems as labor relations, profits, sales, new or borrowed capital, costs, and research and development. Most of the remaining presidents would not confine themselves to naming a single worry but offered lists of varying length. Typical of these answers were those of two presidents, one of whom described his biggest worry as "development of men with top management talent, communications, union relations—in that order"; and the second as "personnel, sales, product development—in that order."

One president worries chiefly about foreign competition, one about "keeping socialism from taking over industry," one about the "proper spending of the advertising appropriation," and one about "communications—meaning getting the whole organization to understand and work toward a common goal." One president doesn't worry at all. But perhaps the consensus of the Panel was best expressed by the president who described his chief worry as "developing management personnel with a constructive and aggressive outlook resulting in sound expansion and minimum operating costs."

Portrait of an Ideal President

The Panel members were also asked to identify the personal characteristics they think are most needed by a company president. On the basis of their replies the ideal president would possess "leadership," the ability to get along with people, sound judgment or "horse sense," and integrity, in that order.

The man who combines all 49 of the human assets or special abilities the Panel presidents consider essential in the ideal top executive does not exist, but if he did he would be a model for any executive to follow. Vigorous, hard-working, decisive, enthusiastic, highly organized and imaginative, he would possess infinite patience, integrity, and knowledge of his business. He would always delegate effectively, "deal with people diplomatically," and "get things done by others *gladly*." He would combine "toughness of character" and "a thick skin" with humility, and he would "accept the mental

loneliness" of his job. Along with the "ability to inspire the confidence and respect of other people," he would have a knack for expressing ideas "in principles rather than details." He would be a good listener, know how to "select able subordinates," and understand "our American system of enterprise and the political problems of our time." He would have a sincere interest in the company, its employees, and customers, be absolutely loyal, and display "the ability to draw on collateral background for a sound decision." His "breadth of vision" would enable him to plan wisely, and he would pursue the company's and his own objectives with "tenacity of purpose."

One president had his doubts about the question: "I feel that a direct answer is difficult, if not impossible; and at best would be meaningless. The size of the company, the nature of its business, whether prosperous or going downhill, and many other factors would determine characteristics in an individual which the directors should look for in selecting a president."

How They See Themselves

Quite apart from any hypothetical ideal, the presidents who head the 110 Panel companies are aware of many flaws in their own make-ups. Four out of ten men think they are too impatient, intolerant, or reluctant to delegate responsibility.

Eighteen of the Panel presidents called impatience their main weakness—"impatience with mediocrity," impatience "with slow motion in others," and "impatience with those supposed to be competent." Another five presidents, however, consider themselves over-patient, too lenient, or too "softhearted." Eight men feel they are intolerant or over-critical of others, and one said his chief personal difficulty is "unconsciously setting a pace which may be difficult for my associates to follow."

Next to impatience, the most frequently mentioned personal shortcoming was the "desire to do things myself and failure to delegate properly." Other weaknesses mentioned included "a quick tongue," "aversion to the spotlight," "public speaking," "complacency," "impetuosity," "slowness in reading and analyzing reports," and "lazy thinking or temporizing." A few men reported that they had too many faults to list or that the

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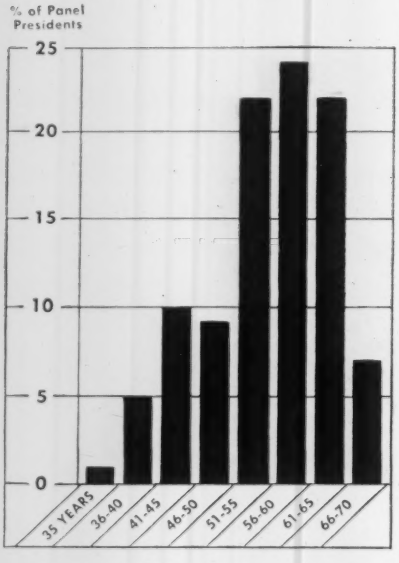
question was too tough to answer, or simply skipped answering it at all.

Individually and collectively, the Panel presidents have a record of achievement which would indicate outstanding success in overcoming the personal weaknesses they regard as handicaps or deterrents to their own success. At the same time, it is probably true that their self-awareness fills them with many inner anxieties. Probably this penetrating and subtle insight into themselves has made them abler and stronger as presidents—and wiser and more understanding as men.

PANEL PRESIDENTS: HOW OLD ARE THEY?



Their strong faith in America's political and economic future is reflected in many of the answers the Panel presidents gave to the question, "What personal philosophy or maxim has given you the most courage in living through business crises?" One president spoke for more than one-tenth of the Panel members when he answered, "Belief in a Supreme Being, confidence in the future of the U.S., and faith in my associates." Besides religious faith, the typical Panel president has faith in himself: "Faith that decisions, although perhaps unpopular at the time, will prove correct; and faith in the people with whom I must deal and in the essential goodness of people in general."

Some men found their main source of strength in a more fatalistic outlook—"What will it matter 500 years

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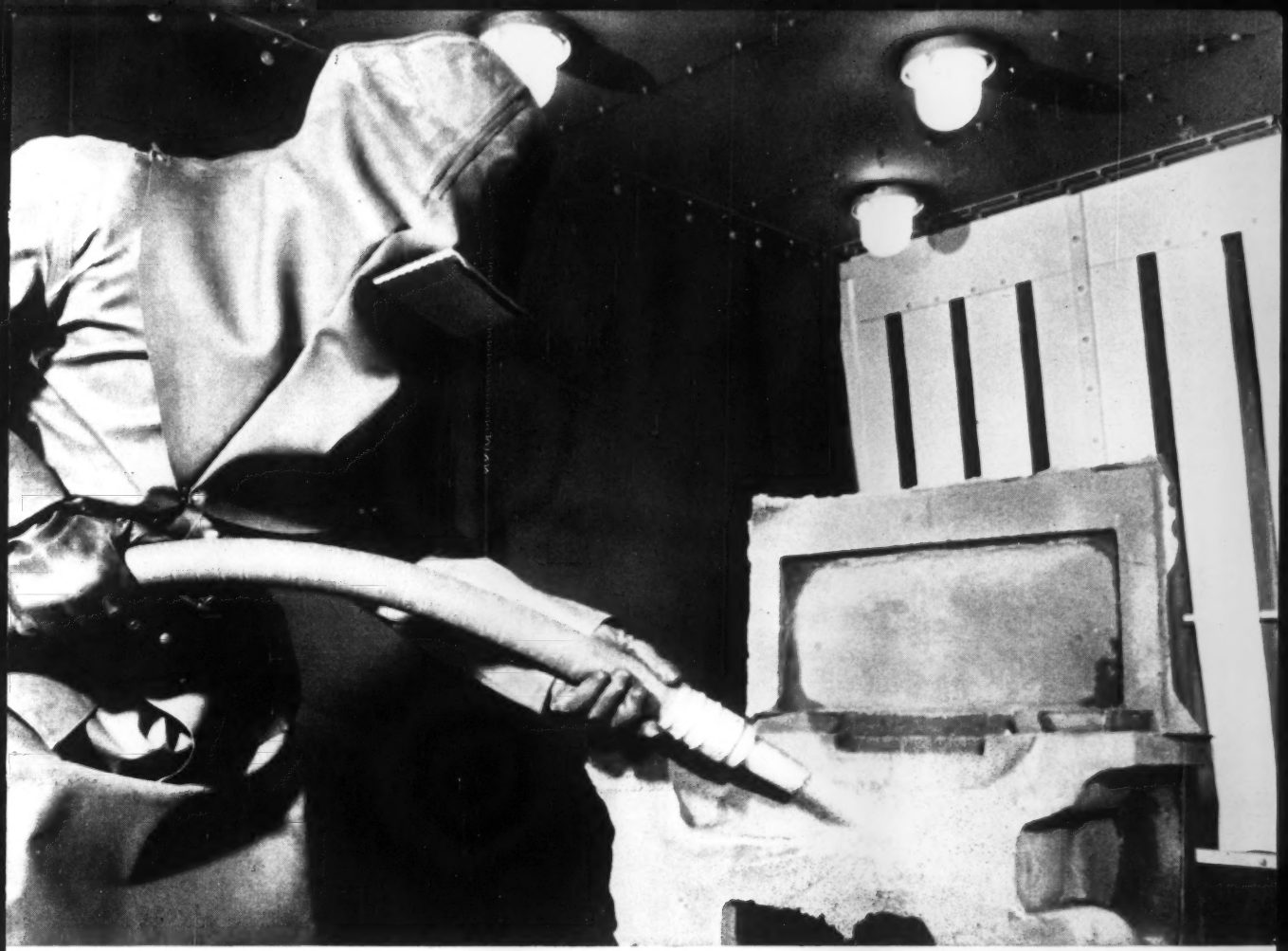

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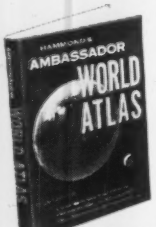

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from now?", "This, too shall pass," and an awareness of "the temporality of the things of this world and the infinity of eternity." Several presidents mentioned the Golden Rule, and two others, by a remarkable coincidence, quoted the same prayer as their philosophy: "Give me the serenity to accept what cannot be changed, the courage to change what must be changed, and the wisdom to distinguish one from the other." One man paid tribute to the "backing of a loyal and understanding wife." Another said that his most comforting thought in a business crisis is "always to have enough money on hand so that you can disagree with your superiors on a matter of principle—if necessary." And one man said simply that he felt the best cure for a business crisis was "a good night's sleep."

The Power of Principle

Personal integrity was the theme of many of the presidents' philosophies. One man summed up the views of many of his associates when he described his guiding philosophy as "adherence to principle and belief that what is right is more important than who is right." Or, as another man put it: "Conviction that adherence to sound and well-thought-through basic policy and business philosophy will ultimately bring good results, in times where there is great temptation to take short cuts for their immediate benefits."

A considerable number of the presidents felt that the most useful principle in a business crisis was to "do the very best you can and let the chips fall where they may." Another president put it this way: "A man can only do the best he is able on any job. If this is not good enough, he would probably be happier at something else. Somehow a man's real 'unpushed' best is almost always more than good enough."

Some men stressed the moral responsibility of their position as president. One of these said that he never forgets "that my background and personal situation put me in a position where it would be a breach of faith not to make a recognizable contribution through personal leadership." And another president helps himself over the hurdles in his business life by a conscious effort "to maintain a sense of perspective, along with an awareness that crises are inevitable and a part of my job."

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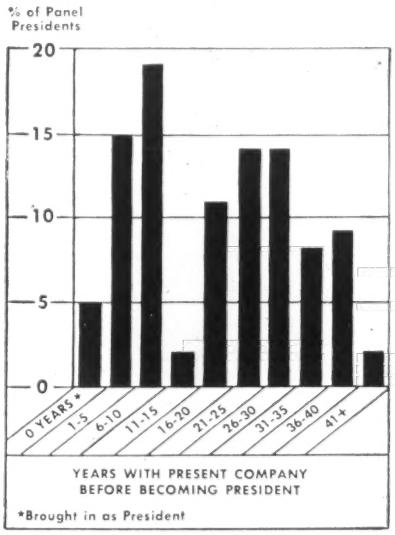

But the chief sustaining philosophy of the Panel presidents, next to faith in God, is confidence in their own ability to solve any crucial problem—provided they have all the facts. "Where there's a will, there's a way," said one president. Another put it just as positively: "There is always a good solution to every problem—if you first get all the facts, and then stop and think about them." One chief executive puts his faith in the "knowledge that with all the facts in hand I would treat them promptly and fairly, having in mind the long-term interest of our company."

But the practical faith of one of the industrial leaders on the Panel probably sums up well the thinking of many company presidents everywhere. Here is how this president defines his principal philosophy: "The belief that striving to provide a better quality product to the customers, supported by efficient and courteous service, will lead to a successful business."

Washington: As the Panel Sees It

In the September issue, the 110 Panel presidents will take a critical look at the Washington scene and the relationships between Government and business. The political and social climate which the Government creates and in which business must operate is the source of many business men's frustrations, hopes and problems. How the Panel views the political scene will interest all thoughtful readers.

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NARROW CONGESTED DOCK? This narrow rail dock required a flared Magliner dock board, allowing power trucks to make sharp, right angle turns.

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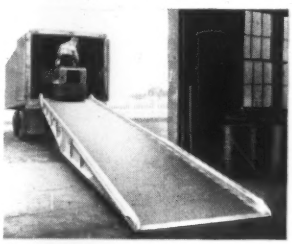

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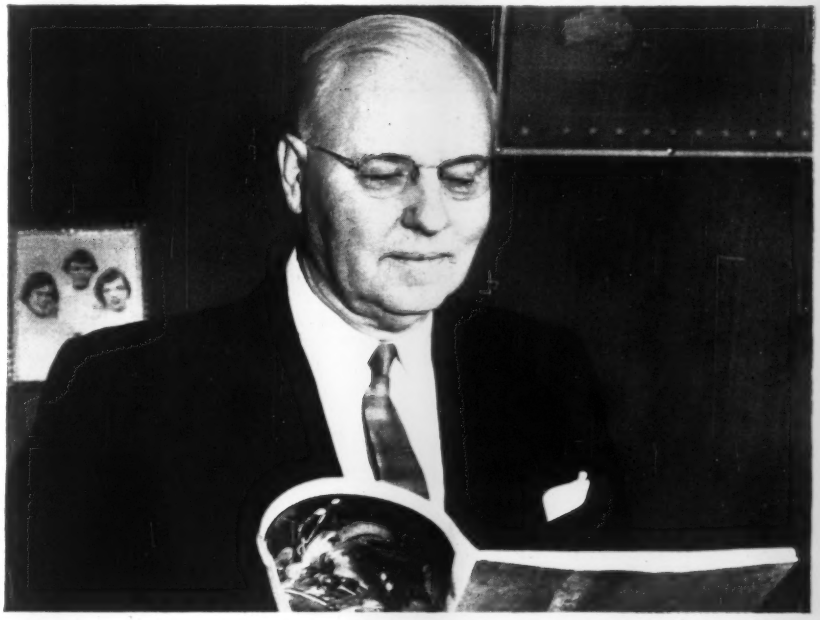

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THE DU PONT DECISION

HOW DOES ONE determine the percentage point of a principle?

Du Pont, owning 23 per cent of General Motors stock, is adjudged culpable under the Clayton Act for its investment. By its recent decision, the U.S. Supreme Court has inserted a set of false teeth into the Clayton Act, intending to put a sharp restrictive bite on Du Pont influence in General Motors management, especially as it might apply to Du Pont's position as a favored supplier.

The 4-2 majority decision represents a numerical minority of the Court—a disturbing situation to many students of the case. After reading the majority decision written by Justice Brennan and the minority opinion written by Justice Burton, it seems apparent that pragmatism took precedence over historic principle. The intent of Congress in designing the Clayton Act in 1913 and amending it in 1950 was to set up barriers against the rash use of power by industrial giants and to prevent unfair competition resulting from vertical mergers. The majority decision spanks Du Pont on the basis of a presumption of guilt rather than for actual violation of the law. No crime has been committed, admits the majority decision, and the definition of a violation is as speculative as it is retroactive. The Court employs a selective argument that arouses Justice Burton to protest that the majority opinion ignores established precedent and all the legal logic of the judiciary for a generation. In this decision we observe the Supreme Court enlarging upon the intent of Congress and providing, by accident or intent, a basis for slowing up the current rash of mergers, an end which may be desirable even if the means are questionable.

All anti-trust legislation is aimed at conspiracy that limits or bars the competitive approach to the marketplace. Will Du Pont, owning 5, 10, or 15 per cent of GM stock, be less culpable in the eyes of that law than when it owns 23 per cent? And who can claim the omniscience to say that 5 per cent is within the bounds of competitive virtue but 23 per cent is inherently evil?

The retroactive reasoning of the majority decision is reflected in the paragraph which implies a guilt potential. Justice Brennan writes for the majority:

"The fire that was kindled in 1917 continues to smolder. It burned briskly to forge the ties that bind the General Motors market to Du Pont, and if it has quieted down, it remains hot, and from past performances is likely at any time to blaze and make the fusion complete."

In that lively figure of speech, the Supreme Court finds it necessary to label Du Pont with an incendiary intent. The decision orders "equitable relief" by the lower courts, which means a substantial lessening of the ownership proportion of Du Pont in GM stock. All this may be doing the right thing the wrong way, but is it a conscionable action?

Anti-trust legislation beginning with the Sherman Act has had a valid restrictive action on the aggressive impulses of big business. Modern management would not try to justify the predatory excursions of the trusts that felt the rap of Teddy Roosevelt's big stick. In those days the issues were well-defined and the moral issue was clean-cut. In the complexity of modern business, the morality involved is blurred, and there is greater scope for opportunism, commercial and judicial. Principle is clouded by the vagaries of economic philosophy and the hobgoblin of size (although bigness was not a major issue in the Du Pont case).

The eyes of the Supreme Court are presumed to view legislation from a perspective beyond the immediate clamor of partisans, and management should be able to look to the Court for guidance that is based on principle and precedent. Justice is designed for all, even the giant. But if the giant killers on Mr. Brownell's staff use a weapon like the reinterpreted Clayton Act, both the giants and justice may get tangled up in a restrictive legal mesh which can further complicate and handicap our business society and may hurt some merging enterprises which are less than gigantic in stature.

The Editor

Bell System helps Diamond Alkali save $30,000 a year

Working together, the Bell System and Diamond Alkali Company of Cleveland have developed an integrated data processing system that centralizes production control and billing.

The results are:

1. Ordering, shipping and invoicing time is reduced from 58 to 18 hours—saving 40 hours.

2. Paperwork savings will total an estimated $30,000 a year.

In the communications part of the system, 2500 miles of private line teletypewriter channels connect Diamond Alkali headquarters with 21 sales offices, plants and warehouses.

When a sales office writes an order, it is punched on tape. This tape, transmitted by teletypewriter to Cleveland, carries information necessary to process, ship and invoice the order.

. . . .

Thinking about data processing? Then right now — before you begin planning — is the time to get communications advice. Call your Bell Telephone Company business office. A representative will gladly study your requirements at no obligation to you.

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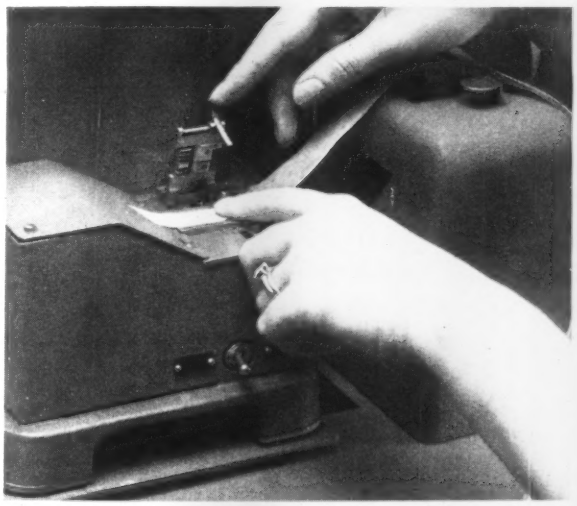
1. **At the sales office,** master tapes for all customers are kept on file.

2. **When order is received,** variable information is added to master tape.



3. **And taped order is sent to Cleveland** by teletypewriter for processing.

A PIPE FITTING MANUFACTURER'S REPORT:

Texaco's tri-purpose oil upped output 30%—cut unit costs

Changing to *Texaco Cleartex Oil*, the tri-purpose oil, proved to this manufacturer (name on request) that using the proper lubricant in one operation can increase production and cut costs all along the line.

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2. Less maintenance cost—because gear boxes and lubricating oil lines stay much cleaner, function more efficiently.

3. Improved production—meaning faster production and fewer rejects, resulting from better finish on machined parts even on high-production schedules.

4. Easier inspections—because the oil's transparency speeds up quality control inspections.

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